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 September 30, 2023.

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) 967-1000
(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 October 26, 2023, there were 1,078,140,224 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.

TABLE OF CONTENTS

			Page Number
Part I.	Financial Information		4
	Item 1.	Condensed Consolidated Balance Sheets	4
		Condensed Consolidated Statements of Income (Loss)	5
		Condensed Consolidated Statements of Comprehensive Income (Loss)	6
		Condensed Consolidated Statements of Stockholders' Equity	7
		Condensed Consolidated Statements of Cash Flows	9
		Notes to Condensed Consolidated Financial Statements	11
	Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	49
	Item 3.	Quantitative and Qualitative Disclosures About Market Risk	68
	Item 4.	Controls and Procedures	70
Part II.	Other Information		71
	Item 1.	Legal Proceedings	71
	Item 1A.	Risk Factors	71
	Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	79
	Item 3.	Defaults Upon Senior Securities	79
	Item 4.	Mine Safety Disclosures	79
	Item 5.	Other Information	79
	Item 6.	Exhibits	80
Signatures			81

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022
	(In millions, except par value) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,816	$ 7,776
Short-term investments	4,731	3,092
Accounts receivable, net	988	963
Loans and interest receivable, held for sale	2,165	—
Loans and interest receivable, net of allowances of $555 and $598 as of September 30, 2023 and December 31, 2022, respectively	5,066	7,431
Funds receivable and customer accounts	34,641	36,264
Prepaid expenses and other current assets	2,228	1,898
Total current assets	56,635	57,424
Long-term investments	3,855	5,018
Property and equipment, net	1,529	1,730
Goodwill	10,935	11,209
Intangible assets, net	564	788
Other assets	2,922	2,455
Total assets	$ 76,440	$ 78,624
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 131	$ 126
Funds payable and amounts due to customers	38,641	40,014
Accrued expenses and other current liabilities	3,533	4,055
Income taxes payable	1,137	813
Total current liabilities	43,442	45,008
Deferred tax liability and other long-term liabilities	2,618	2,925
Long-term debt	10,640	10,417
Total liabilities	56,700	58,350
Commitments and contingencies (Note 13)		
Equity:		
Common stock, $0.0001 par value; 4,000 shares authorized; 1,080 and 1,136 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Preferred stock, $0.0001 par value; 100 shares authorized, unissued	—	—
Treasury stock at cost, 237 and 173 shares as of September 30, 2023 and December 31, 2022, respectively	(20,513)	(16,079)
Additional paid-in-capital	19,307	18,327
Retained earnings	21,798	18,954
Accumulated other comprehensive income (loss)	(852)	(928)
Total equity	19,740	20,274
Total liabilities and equity	$ 76,440	$ 78,624

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions, except per share data) (Unaudited)			
Net revenues	$ 7,418	$ 6,846	$ 21,745	$ 20,135
Operating expenses:				
Transaction expense	3,603	2,988	10,427	8,849
Transaction and credit losses	446	367	1,286	1,184
Customer support and operations	474	509	1,454	1,579
Sales and marketing	442	544	1,343	1,733
Technology and development	739	801	2,203	2,431
General and administrative	507	463	1,505	1,584
Restructuring and other charges	39	56	227	182
Total operating expenses	6,250	5,728	18,445	17,542
Operating income	1,168	1,118	3,300	2,593
Other income (expense), net	73	460	318	(337)
Income before income taxes	1,241	1,578	3,618	2,256
Income tax expense	221	248	774	758
Net income (loss)	$ 1,020	$ 1,330	$ 2,844	$ 1,498
Net income (loss) per share:				
Basic	$ 0.93	$ 1.15	$ 2.56	$ 1.29
Diluted	$ 0.93	$ 1.15	$ 2.55	$ 1.29
Weighted average shares:				
Basic	1,094	1,154	1,111	1,159
Diluted	1,098	1,157	1,115	1,163

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions) (Unaudited)			
Net income (loss)	$ 1,020	$ 1,330	$ 2,844	$ 1,498
Other comprehensive income (loss), net of reclassification adjustments:				
Foreign currency translation adjustments ("CTA")	(70)	(206)	(306)	(601)
Net investment hedges CTA gains, net	35	97	231	253
Tax expense on net investment hedges CTA gains, net	(8)	(23)	(53)	(59)
Unrealized gains (losses) on cash flow hedges, net	109	138	(25)	348
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(6)	(7)	1	(18)
Unrealized gains (losses) on investments, net	110	(157)	298	(614)
Tax (expense) benefit on unrealized gains (losses) on investments, net	(26)	41	(70)	146
Other comprehensive income (loss), net of tax	144	(117)	76	(545)
Comprehensive income (loss)	$ 1,164	$ 1,213	$ 2,920	$ 953

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, 2022	1,136	$ (16,079)	$ 18,327	$ (928)	$ 18,954	$ 20,274
Net income	—	—	—	—	795	795
Foreign CTA	—	—	—	(20)	—	(20)
Net investment hedges CTA gains, net	—	—	—	27	—	27
Tax expense on net investment hedges CTA gains, net	—	—	—	(6)	—	(6)
Unrealized losses on cash flow hedges, net	—	—	—	(111)	—	(111)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	6	—	6
Unrealized gains on investments, net	—	—	—	175	—	175
Tax expense on unrealized gains on investments, net	—	—	—	(41)	—	(41)
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	5	—	(157)	—	—	(157)
Common stock repurchased	(19)	(1,443)	—	—	—	(1,443)
Stock-based compensation	—	—	359	—	—	359
Balances at March 31, 2023	1,122	$ (17,522)	$ 18,529	$ (898)	$ 19,749	$ 19,858
Net income	—	—	—	—	1,029	1,029
Foreign CTA	—	—	—	(216)	—	(216)
Net investment hedges CTA gains, net	—	—	—	169	—	169
Tax expense on net investment hedges CTA gains, net	—	—	—	(39)	—	(39)
Unrealized losses on cash flow hedges, net	—	—	—	(23)	—	(23)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	1	—	1
Unrealized gains on investments, net	—	—	—	13	—	13
Tax expense on unrealized gains on investments, net	—	—	—	(3)	—	(3)
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	2	—	39	—	—	39
Common stock repurchased	(22)	(1,542)	—	—	—	(1,542)
Stock-based compensation	—	—	375	—	—	375
Balances at June 30, 2023	1,102	$ (19,064)	$ 18,943	$ (996)	$ 20,778	$ 19,661
Net income	—	—	—	—	1,020	1,020
Foreign CTA	—	—	—	(70)	—	(70)
Net investment hedge CTA gains, net	—	—	—	35	—	35
Tax expense on net investment hedges CTA gains, net	—	—	—	(8)	—	(8)
Unrealized gains on cash flow hedges, net	—	—	—	109	—	109
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(6)	—	(6)
Unrealized gains on investments, net	—	—	—	110	—	110
Tax expense on unrealized gains on investments, net	—	—	—	(26)	—	(26)
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	1	—	(28)	—	—	(28)
Common stock repurchased	(23)	(1,449)	—	—	—	(1,449)
Stock-based compensation	—	—	392	—	—	392
Balances at September 30, 2023	1,080	$ (20,513)	$ 19,307	$ (852)	$ 21,798	$ 19,740

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, 2021	1,168	$ (11,880)	$ 17,208	$ (136)	$ 16,535	$ 21,727
Net income	—	—	—	—	509	509
Foreign CTA	—	—	—	(95)	—	(95)
Net investment hedges CTA gains, net	—	—	—	21	—	21
Tax expense on net investment hedges CTA gains, net	—	—	—	(5)	—	(5)
Unrealized losses on cash flow hedges, net	—	—	—	(3)	—	(3)
Unrealized losses on investments, net	—	—	—	(293)	—	(293)
Tax benefit on unrealized losses on investments, net	—	—	—	67	—	67
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	4	—	(273)	—	—	(273)
Common stock repurchased	(11)	(1,500)	—	—	—	(1,500)
Stock-based compensation	—	—	447	—	—	447
Other	—	—	1	—	—	1
Balances at March 31, 2022	1,161	$ (13,380)	$ 17,383	$ (444)	$ 17,044	$ 20,603
Net loss	—	—	—	—	(341)	(341)
Foreign CTA	—	—	—	(300)	—	(300)
Net investment hedges CTA gains, net	—	—	—	135	—	135
Tax expense on net investment hedges CTA gains, net	—	—	—	(31)	—	(31)
Unrealized gains on cash flow hedges, net	—	—	—	213	—	213
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(11)	—	(11)
Unrealized losses on investments, net	—	—	—	(164)	—	(164)
Tax benefit on unrealized losses on investments, net	—	—	—	38	—	38
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	3	—	51	—	—	51
Common stock repurchased	(8)	(750)	—	—	—	(750)
Stock-based compensation	—	—	324	—	—	324
Balances at June 30, 2022	1,156	$ (14,130)	$ 17,758	$ (564)	$ 16,703	$ 19,767
Net income	—	—	—	—	1,330	1,330
Foreign CTA	—	—	—	(206)	—	(206)
Net investment hedges CTA gains, net	—	—	—	97	—	97
Tax expense on net investment hedges CTA gains, net	—	—	—	(23)	—	(23)
Unrealized gains on cash flow hedges, net	—	—	—	138	—	138
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(7)	—	(7)
Unrealized losses on investments, net	—	—	—	(157)	—	(157)
Tax benefit on unrealized losses on investments, net	—	—	—	41	—	41
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	1	—	(14)	—	—	(14)
Common stock repurchased	(10)	(939)	—	—	—	(939)
Stock-based compensation	—	—	237	—	—	237
Balances at September 30, 2022	1,147	$ (15,069)	$ 17,981	$ (681)	$ 18,033	$ 20,264

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

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2023	2022
	(In millions) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 2,844	$ 1,498
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Transaction and credit losses	1,286	1,184
Depreciation and amortization	809	991
Stock-based compensation	1,087	967
Deferred income taxes	(439)	(538)
Net (gains) losses on strategic investments	(205)	163
Adjustments to loans and interest receivable, held for sale	49	—
Other	(267)	514
Originations of loans receivable, held for sale	(5,705)	—
Proceeds from repayments of loans receivable, originally classified as held for sale	3,676	—
Changes in assets and liabilities:		
Accounts receivable	(35)	(89)
Accounts payable	(6)	(55)
Income taxes payable	(31)	109
Other assets and liabilities	(834)	(522)
Net cash provided by operating activities	2,229	4,222
Cash flows from investing activities:		
Purchases of property and equipment	(478)	(548)
Proceeds from sales of property and equipment	44	5
Purchases and originations of loans receivable	(19,802)	(19,167)
Proceeds from repayments of loans receivable, originally classified as held for investment	21,319	17,164
Purchases of investments	(14,975)	(16,455)
Maturities and sales of investments	16,110	16,770
Funds receivable	(1,016)	(1,085)
Collateral posted related to derivative instruments, net	8	(3)
Other investing activities	76	30
Net cash provided by (used in) investing activities	1,286	(3,289)
Cash flows from financing activities:		
Proceeds from issuance of common stock	82	86
Purchases of treasury stock	(4,395)	(3,189)
Tax withholdings related to net share settlements of equity awards	(225)	(321)
Borrowings under financing arrangements	829	3,346
Repayments under financing arrangements	(942)	(1,686)
Funds payable and amounts due to customers	(1,277)	(659)
Collateral received related to derivative instruments, net	(65)	437
Other financing activities	—	1
Net cash (used in) provided by financing activities	(5,993)	(1,985)

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(continued)

	Nine Months Ended September 30,	
	2023	2022
	(In millions) (Unaudited)	
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(95)	(253)
Net change in cash, cash equivalents, and restricted cash	(2,573)	(1,305)
Cash, cash equivalents, and restricted cash at beginning of period	19,156	18,029
Cash, cash equivalents, and restricted cash at end of period	$ 16,583	$ 16,724
Supplemental cash flow disclosures:		
Cash paid for interest	$ 167	$ 114
Cash paid for income taxes, net	$ 1,058	$ 666
The table below reconciles cash, cash equivalents, and restricted cash as reported in the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows:		
Cash and cash equivalents	$ 6,816	$ 6,659
Short-term investments	6	21
Funds receivable and customer accounts	9,761	10,044
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	$ 16,583	$ 16,724

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 and is a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world in the markets we serve, anytime, on any platform, and using any device when sending payments or getting paid, including person-to-person payments.

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

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying 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.

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

We determine at the inception of each investment, and re-evaluate if certain events occur, whether an entity in which we have made an investment is considered a variable interest entity ("VIE"). If we determine an investment is in a VIE, we then assess if we are the primary beneficiary, which would require consolidation. As of September 30, 2023 and December 31, 2022, no VIEs qualified for consolidation as the structures of these entities do not provide us with the ability to direct activities that would significantly impact their economic performance. As of September 30, 2023 and December 31, 2022, the carrying value of our investments in nonconsolidated VIEs was $160 million and $128 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 our nonconsolidated VIEs, which represents funded commitments and any future funding commitments, was $246 million and $232 million as of September 30, 2023 and December 31, 2022, respectively.

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, 2022 (the "2022 Form 10-K") filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") on February 10, 2023.

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 nine months ended September 30, 2023.

Reclassifications

Beginning with the fourth quarter of 2022, we reclassified certain cash flows related to our collateral security arrangements for derivative instruments from cash flows from operating activities to cash flows from investing activities and cash flows from financing activities within the condensed consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current period presentation.

The current period presentation classifies all changes in collateral posted and collateral received related to derivative instruments on our condensed consolidated statements of cash flows as cash flows from investing activities and cash flows from financing activities, respectively. We believe that the current period presentation provides a more meaningful representation of the nature of the cash flows and allows for greater transparency as the cash flows related to the derivatives impact operating cash flows upon settlement exclusive of the offsetting cash flows from collateral.

The following table presents the effects of the changes on the presentation of these cash flows to the previously reported condensed consolidated statements of cash flows:

	Nine Months Ended September 30, 2022 (In millions)		
	As Previously Reported [1]	Adjustments	Reclassified
Net cash provided by (used in):			
Operating activities[2]	$ 4,656	$ (434)	$ 4,222
Investing activities[3]	(3,286)	(3)	(3,289)
Financing activities[4]	(2,422)	437	(1,985)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(253)	—	(253)
Net decrease in cash, cash equivalents, and restricted cash	$ (1,305)	$ —	$ (1,305)

[1] As reported in our Form 10-Q for the quarter ended September 30, 2022 filed with the SEC on November 4, 2022.
[2] Financial statement line impacted in operating activities was "Other assets and liabilities."
[3] Financial statement line impacted in investing activities was "Collateral posted related to derivative instruments, net."
[4] Financial statement line impacted in financing activities was "Collateral received related to derivative instruments, net."

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, the valuation of goodwill and intangible assets, and the valuation of strategic investments. 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.

Loans and interest receivable, held for sale

Loans and interest receivable, held for sale, represents a portion of our installment consumer receivables that we intend to sell. This portfolio includes the substantial majority of the United Kingdom ("U.K.") and other European buy now, pay later loan receivables.

In June 2023, we entered into a multi-year agreement with a global investment firm to sell up to €40 billion of U.K. and other European buy now, pay later loan receivables, consisting of eligible loans and interest receivable, held for sale at the closing of the transaction and a forward-flow arrangement for the sale of future originations of eligible loans over a 24-month commitment period (together, "eligible consumer installment receivables"). Following the closing of this transaction, which is expected to occur in the fourth quarter of 2023, the global investment firm will become the owner of the eligible consumer installment receivables and we will no longer hold an ownership interest in these receivables. We will maintain the servicing rights and receive a servicing fee for the entire pool of the eligible consumer installment receivables outstanding.

Loans and interest receivable, held for sale are recorded at the lower of cost or fair value, determined on an aggregate basis, with valuation changes and any associated charge-offs recorded in restructuring and other charges on our condensed consolidated statements of income (loss). Prior to the decision to sell, this portfolio was reported at outstanding principal balances, net of allowances, including unamortized deferred origination costs and estimated collectible interest and fees. At the time of reclassification, any previously recorded allowance for credit losses for loans and interest receivable outstanding was reversed, resulting in a decrease of approximately $33 million in transaction and credit losses in our condensed consolidated statements of income (loss) for the nine months ended September 30, 2023. Interest income on interest bearing held-for-sale loans is accrued and recognized based on the contractual rate of interest.

Recently adopted accounting guidance

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-02, *Troubled Debt Restructurings ("TDRs")* and *Vintage Disclosures* (Topic 326): *Financial Instruments – Credit Losses*. This amended guidance eliminated the accounting designation of a loan modification as a TDR and the measurement guidance for TDRs. The amendments also enhanced existing disclosure requirements and introduced new requirements related to modifications of receivables due from borrowers experiencing financial difficulty. Additionally, this guidance required entities to disclose gross charge-offs by year of origination for financing receivables, such as loans and interest receivable. The amended guidance was effective for fiscal years beginning after December 15, 2022 and was required to be applied prospectively, except for the recognition and measurement of TDRs, which could be applied on a modified retrospective basis. We adopted this guidance effective January 1, 2023 on a prospective basis. Our financial statements were not materially impacted upon adoption. For additional information, see "Note 11—Loans and Interest Receivable."

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 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.

DISAGGREGATION OF REVENUE

We determine operating segments based on how our chief operating decision maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates operating performance. Our CODM is our Chief Executive Officer, who regularly reviews our operating results on a consolidated basis. We operate as one segment and have one reportable segment. Based on the information provided to and reviewed by our CODM, 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 the same.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Primary geographical markets				
U.S.	$ 4,257	$ 3,978	$ 12,614	$ 11,512
Other countries[1]	3,161	2,868	9,131	8,623
Total net revenues[2]	$ 7,418	$ 6,846	$ 21,745	$ 20,135
Revenue category				
Transaction revenues	$ 6,654	$ 6,234	$ 19,574	$ 18,504
Revenues from other value added services	764	612	2,171	1,631
Total net revenues[2]	$ 7,418	$ 6,846	$ 21,745	$ 20,135

[1] No single country included in the other countries category generated more than 10% of total net revenues.
[2] Total net revenues include $433 million and $391 million for the three months ended September 30, 2023 and 2022, respectively, and $1.3 billion and $874 million for the nine months ended September 30, 2023 and 2022, respectively, which do not represent revenues recognized in the scope of Accounting Standards Codification Topic 606, *Revenue from contracts with customers*. Such revenues relate to interest and fees earned on loans and interest receivable, including loans and interest receivable held for sale, hedging gains or losses, and interest earned on certain assets underlying customer balances.

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

NOTE 3—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares of common stock 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions, except per share amounts)			
Numerator:				
Net income (loss)	$ 1,020	$ 1,330	$ 2,844	$ 1,498
Denominator:				
Weighted average shares of common stock - basic	1,094	1,154	1,111	1,159
Dilutive effect of equity incentive awards	4	3	4	4
Weighted average shares of common stock - diluted	1,098	1,157	1,115	1,163
Net income (loss) per share:				
Basic	$ 0.93	$ 1.15	$ 2.56	$ 1.29
Diluted	$ 0.93	$ 1.15	$ 2.55	$ 1.29
Common stock equivalents excluded from income (loss) per diluted share because their effect would have been anti-dilutive or potentially dilutive	22	14	20	13

NOTE 4—BUSINESS COMBINATIONS AND DIVESTITURES

There were no acquisitions accounted for as business combinations or divestitures completed in the three and nine months ended September 30, 2023 and 2022.

In September 2023, we entered into a definitive agreement to sell Happy Returns to United Parcel Services, Inc. for approximately $465 million in cash. The sale of Happy Returns will enable us to focus on our core business and priorities. The transaction closed in the fourth quarter of 2023, and we expect to record a pre-tax gain of approximately $329 million, net of expected transaction costs, in restructuring and other charges on the condensed consolidated statements of income (loss) in that period.

We concluded that Happy Returns meets the criteria to be classified as held for sale and measured at the lower of its carrying amount or fair value less cost to sell as of September 30, 2023. The assets held for sale consist primarily of $81 million of goodwill and $13 million of net intangible assets, which are presented within prepaid expenses and other current assets on our condensed consolidated balance sheets as of September 30, 2023. No impairment charges were required in the three months ended September 30, 2023. The sale does not represent a strategic shift that would have a major effect on our operations and financial results, and therefore is not reported as a discontinued operation.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill balances and adjustments to those balances during the nine months ended September 30, 2023:

	December 31, 2022	Goodwill Acquired	Adjustments	September 30, 2023
	(In millions)			
Total goodwill	$ 11,209	$ —	$ (274)	$ 10,935

The adjustments to goodwill during the nine months ended September 30, 2023 pertained to foreign currency translation adjustments and reclassification of $81 million of goodwill to assets held for sale described in “Note 4—Business Combinations and Divestitures.”

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	September 30, 2023				December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (Years)
	(In millions, except years)							
Intangible assets:								
Customer lists and user base	$ 1,521	$ (1,099)	$ 422	7	$ 1,664	$ (1,092)	$ 572	7
Marketing related	383	(345)	38	5	395	(339)	56	5
Developed technology	1,011	(991)	20	3	1,099	(1,048)	51	3
All other	428	(344)	84	7	438	(329)	109	7
Intangible assets, net	$ 3,343	$ (2,779)	$ 564		$ 3,596	$ (2,808)	$ 788	

In the three and nine months ended September 30, 2023, we reclassified approximately $36 million of gross intangible assets, with a net carrying amount of $13 million as assets held for sale as described in “Note 4—Business Combinations and Divestitures.” In the three months ended September 30, 2023, we retired approximately $49 million of fully amortized intangible assets, of which $35 million and $14 million were included in developed technology and customer lists and user base, respectively. In the nine months ended September 30, 2023, we retired approximately $141 million of fully amortized intangible assets, of which $79 million and $62 million were included in customer lists and user base and developed technology, respectively. Amortization expense for intangible assets was $57 million and $118 million for the three months ended September 30, 2023 and 2022, respectively. Amortization expense for intangible assets was $172 million and $356 million for the nine months ended September 30, 2023 and 2022, respectively.

Expected future intangible asset amortization as of September 30, 2023 was as follows (in millions):

Fiscal years:	
Remaining 2023	$ 48
2024	178
2025	148
2026	91
2027	56
Thereafter	43
Total	$ 564

NOTE 6—LEASES

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

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

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

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

As of September 30, 2023, we had no finance leases.

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Lease expense				
Operating lease expense	$ 39	$ 43	$ 119	$ 128
Sublease income	(2)	(2)	(6)	(6)
Lease expense, net	$ 37	$ 41	$ 113	$ 122

Supplemental cash flow information related to leases was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 45	$ 44	$ 131	$ 127
Right-of-use ("ROU") lease assets obtained in exchange for new operating lease liabilities	$ (23)	$ 5	$ (1)	$ 99
Other non-cash ROU lease asset activity[1]	$ (15)	$ (11)	$ (40)	$ (36)

[1] ROU lease asset impairment. Refer to "Note 17—Restructuring and Other Charges" for further details.

Supplemental balance sheet information related to leases was as follows:

	September 30, 2023	December 31, 2022
	(In millions, except weighted-average figures)	
Operating ROU lease assets	$ 423	$ 574
Current operating lease liabilities	147	151
Operating lease liabilities	449	569
Total operating lease liabilities	$ 596	$ 720
Weighted-average remaining lease term—operating leases	5.0 years	5.7 years
Weighted-average discount rate—operating leases	4 %	3 %

Future minimum lease payments for our operating leases as of September 30, 2023 were as follows:

Fiscal years:	Operating Leases (In millions)
Remaining 2023	$ 44
2024	160
2025	122
2026	108
2027	86
Thereafter	137
Total	$ 657
Less: present value discount	(61)
Lease liability	$ 596

Operating lease amounts include minimum lease payments under our non-cancelable operating leases primarily for office and data center facilities. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases.

As of September 30, 2023, we have additional operating leases, primarily for data centers, which will commence in the first quarter of 2024 or later with minimum lease payments aggregating to $244 million and lease terms ranging from five to eight years.

NOTE 7—OTHER FINANCIAL STATEMENT DETAILS

CRYPTO ASSET SAFEGUARDING LIABILITY AND CORRESPONDING SAFEGUARDING ASSET

We allow our customers in certain markets to buy, hold, sell, convert, receive, and send certain cryptocurrencies as well as use the proceeds from sales of cryptocurrencies to pay for purchases at checkout. These cryptocurrencies consist of Bitcoin, Ethereum, Bitcoin Cash, Litecoin, and PayPal USD stablecoin (collectively, “our customers’ crypto assets”). We engage third parties, which are licensed trust companies, to provide certain custodial services, including holding our customers’ cryptographic key information, securing our customers’ crypto assets, and protecting them from loss or theft, including indemnification against certain types of losses such as theft. Our third-party custodians hold the crypto assets in a custodial account in PayPal’s name for the benefit of PayPal’s customers. We maintain the internal recordkeeping of our customers’ crypto assets, including the amount and type of crypto asset owned by each of our customers in that custodial account. As of September 30, 2023, we utilize two third-party custodians; as such, there is concentration risk in the event these custodians are not able to perform in accordance with our agreement.

Due to the unique risks associated with cryptocurrencies, including technological, legal, and regulatory risks, we recognize a crypto asset safeguarding liability to reflect our obligation to safeguard the crypto assets held for the benefit of our customers, which is recorded in accrued expenses and other current liabilities on our condensed consolidated balance sheets. We also recognize a corresponding safeguarding asset, which is recorded in prepaid expenses and other current assets on our condensed consolidated balance sheets. The crypto asset safeguarding liability and corresponding safeguarding asset are measured and recorded at fair value on a recurring basis using quoted prices for the underlying crypto assets on the active exchange that we have identified as the principal market at the balance sheet date. The corresponding safeguarding asset may be adjusted for loss events, as applicable. As of September 30, 2023, the Company has not incurred any safeguarding loss events, and therefore, the crypto asset safeguarding liability and corresponding safeguarding asset were recorded at the same value.

The following table summarizes the significant crypto assets we hold for the benefit of our customers and the crypto asset safeguarding liability and corresponding safeguarding asset as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(In millions)	
Bitcoin	$ 479	$ 291
Ethereum	316	250
Other	82	63
Crypto asset safeguarding liability	$ 877	$ 604
Crypto asset safeguarding asset	$ 877	$ 604

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended September 30, 2023:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign Currency Translation Adjustment ("CTA")	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ (23)	$ (403)	$ (811)	$ 195	$ 46	$ (996)
Other comprehensive income (loss) before reclassifications	116	110	(70)	35	(40)	151
Less: Amount of gain reclassified from accumulated other comprehensive income (loss) ("AOCI")	7	—	—	—	—	7
Net current period other comprehensive income (loss)	109	110	(70)	35	(40)	144
Ending balance	$ 86	$ (293)	$ (881)	$ 230	$ 6	$ (852)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended September 30, 2022:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ 409	$ (544)	$ (665)	$ 180	$ 56	$ (564)
Other comprehensive income (loss) before reclassifications	294	(157)	(206)	97	11	39
Less: Amount of gain reclassified from AOCI	156	—	—	—	—	156
Net current period other comprehensive income (loss)	138	(157)	(206)	97	11	(117)
Ending balance	$ 547	$ (701)	$ (871)	$ 277	$ 67	$ (681)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the nine months ended September 30, 2023:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ 111	$ (591)	$ (575)	$ (1)	$ 128	$ (928)
Other comprehensive income (loss) before reclassifications	92	273	(306)	231	(122)	168
Less: Amount of gain (loss) reclassified from AOCI	117	(25)	—	—	—	92
Net current period other comprehensive income (loss)	(25)	298	(306)	231	(122)	76
Ending balance	$ 86	$ (293)	$ (881)	$ 230	$ 6	$ (852)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the nine months ended September 30, 2022:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ 199	$ (87)	$ (270)	$ 24	$ (2)	$ (136)
Other comprehensive income (loss) before reclassifications	658	(614)	(601)	253	69	(235)
Less: Amount of gain reclassified from AOCI	310	—	—	—	—	310
Net current period other comprehensive income (loss)	348	(614)	(601)	253	69	(545)
Ending balance	$ 547	$ (701)	$ (871)	$ 277	$ 67	$ (681)

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

Details about AOCI Components	Amount of Gains (Losses) Reclassified from AOCI				Affected Line Item in the Statements of Income (Loss)
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
	(In millions)				
Gains on cash flow hedges—foreign currency exchange contracts	$ 7	$ 156	$ 117	$ 310	Net revenues
Losses on investments	—	—	(23)		Net revenues
Losses on investments	—	—	(2)	—	Other income (expense), net
	7	156	92	310	Income before income taxes
	—	—	—	—	Income tax expense
Total reclassifications for the period	$ 7	$ 156	$ 92	$ 310	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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Interest income	$ 124	$ 48	$ 348	$ 90
Interest expense	(86)	(87)	(260)	(215)
Net gains (losses) on strategic investments	24	495	205	(163)
Other	11	4	25	(49)
Other income (expense), net	$ 73	$ 460	$ 318	$ (337)

NOTE 8—FUNDS RECEIVABLE AND CUSTOMER ACCOUNTS AND INVESTMENTS

The following table summarizes the assets underlying our funds receivable and customer accounts, short-term investments, and long-term investments as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(In millions)	
Funds receivable and customer accounts:		
Cash and cash equivalents	$ 9,761	$ 11,363
Time deposits	96	95
Available-for-sale debt securities	16,360	17,349
Funds receivable	8,424	7,457
Total funds receivable and customer accounts	$ 34,641	$ 36,264
Short-term investments:		
Time deposits	$ 507	$ 482
Available-for-sale debt securities	4,218	2,593
Restricted cash	6	17
Total short-term investments	$ 4,731	$ 3,092
Long-term investments:		
Time deposits	$ 45	$ 55
Available-for-sale debt securities	1,421	2,817
Strategic investments	2,389	2,146
Total long-term investments	$ 3,855	$ 5,018

As of September 30, 2023 and December 31, 2022, the estimated fair value of our available-for-sale debt securities included within funds receivable and customer accounts, short-term investments, and long-term investments was as follows:

	September 30, 2023[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	$ 8,851	$ —	$ (146)	$ 8,705
Foreign government and agency securities	808	—	(16)	792
Corporate debt securities	1,508	—	(38)	1,470
Asset-backed securities	1,501	2	(5)	1,498
Municipal securities	579	—	(6)	573
Commercial paper	3,078	—	(3)	3,075
Short-term investments:				
U.S. government and agency securities	580	—	(6)	574
Foreign government and agency securities	368	—	(12)	356
Corporate debt securities	1,143	—	(21)	1,122
Asset-backed securities	585	1	(7)	579
Commercial paper	1,588	—	(1)	1,587
Long-term investments:				
U.S. government and agency securities	336	—	(20)	316
Foreign government and agency securities	34	—	(2)	32
Corporate debt securities	210	—	(11)	199
Asset-backed securities	876	—	(2)	874
Total available-for-sale debt securities[2]	$ 22,045	$ 3	$ (296)	$ 21,752

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

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

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2022[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	$ 8,736	$ —	$ (252)	$ 8,484
Foreign government and agency securities	1,479	—	(44)	1,435
Corporate debt securities	1,637	—	(82)	1,555
Asset-backed securities	1,324	—	(26)	1,298
Municipal securities	410	—	(3)	407
Commercial paper	3,702	1	(14)	3,689
Short-term investments:				
U.S. government and agency securities	815	—	(3)	812
Foreign government and agency securities	435	—	(11)	424
Corporate debt securities	641	—	(14)	627
Asset-backed securities	415	—	(9)	406
Commercial paper	324	—	—	324
Long-term investments:				
U.S. government and agency securities	493	—	(36)	457
Foreign government and agency securities	386	—	(22)	364
Corporate debt securities	987	—	(58)	929
Asset-backed securities	1,085	—	(18)	1,067
Total available-for-sale debt securities[2]	$ 22,869	$ 1	$ (592)	$ 22,278

[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 $94 million and $65 million at September 30, 2023 and December 31, 2022, respectively, and were included in other current assets on our condensed consolidated balance sheets.

As of September 30, 2023 and December 31, 2022, the gross unrealized losses and estimated fair value of our available-for-sale debt securities included within 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:

	September 30, 2023[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	$ 3,534	$ (22)	$ 4,504	$ (124)	$ 8,038	$ (146)
Foreign government and agency securities	102	(1)	513	(15)	615	(16)
Corporate debt securities	124	—	1,346	(38)	1,470	(38)
Asset-backed securities	702	(3)	337	(2)	1,039	(5)
Municipal securities	389	(4)	155	(2)	544	(6)
Commercial paper	2,682	(3)	—	—	2,682	(3)
Short-term investments:						
U.S. government and agency securities	25	—	150	(6)	175	(6)
Foreign government and agency securities	—	—	356	(12)	356	(12)
Corporate debt securities	307	—	793	(21)	1,100	(21)
Asset-backed securities	188	(2)	132	(5)	320	(7)
Commercial paper	1,537	(1)	—	—	1,537	(1)
Long-term investments:						
U.S. government and agency securities	—	—	316	(20)	316	(20)
Foreign government and agency securities	—	—	32	(2)	32	(2)
Corporate debt securities	—	—	199	(11)	199	(11)
Asset-backed securities	251	(1)	230	(1)	481	(2)
Total available-for-sale debt securities	$ 9,841	$ (37)	$ 9,063	$ (259)	$ 18,904	$ (296)

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

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2022[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	$ 3,730	$ (89)	$ 4,246	$ (163)	$ 7,976	$ (252)
Foreign government and agency securities	410	(10)	997	(34)	1,407	(44)
Corporate debt securities	9	(1)	1,545	(81)	1,554	(82)
Asset-backed securities	773	(12)	508	(14)	1,281	(26)
Municipal securities	264	(3)	50	—	314	(3)
Commercial paper	3,079	(14)	—	—	3,079	(14)
Short-term investments:						
U.S. government and agency securities	345	—	73	(3)	418	(3)
Foreign government and agency securities	61	—	362	(11)	423	(11)
Corporate debt securities	97	(2)	465	(12)	562	(14)
Asset-backed securities	175	(2)	217	(7)	392	(9)
Commercial paper	224	—	—	—	224	—
Long-term investments:						
U.S. government and agency securities	—	—	457	(36)	457	(36)
Foreign government and agency securities	31	(2)	333	(20)	364	(22)
Corporate debt securities	85	(6)	834	(52)	919	(58)
Asset-backed securities	872	(9)	195	(9)	1,067	(18)
Total available-for-sale debt securities	$ 10,155	$ (150)	$ 10,282	$ (442)	$ 20,437	$ (592)

[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 is due primarily to changes in market interest rates, rather than credit losses. We will continue to monitor the performance of the investment portfolio and assess whether impairment due to expected credit losses has occurred. During the three months ended September 30, 2023, we received $772 million in proceeds from the sale of available-for-sale debt securities and incurred gross realized gains and losses which were de minimis and determined using the specific identification method. During the nine months ended September 30, 2023, we received $2.7 billion in proceeds from the sale of available-for-sale debt securities and incurred gross realized losses of $25 million and de minimis gross realized gains, which were determined using the specific identification method.

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

	September 30, 2023	
	Amortized Cost	Fair Value
	(In millions)	
One year or less	$ 13,950	$ 13,782
After one year through five years	5,721	5,599
After five years through ten years	2,309	2,307
After ten years	65	64
Total	$ 22,045	$ 21,752

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

STRATEGIC INVESTMENTS

Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Our marketable equity securities have readily determinable fair values and are recorded as long-term investments on our condensed consolidated balance sheets at fair value with changes in fair value recorded in other income (expense), net on our condensed consolidated statements of income (loss). Marketable equity securities totaled $541 million and $323 million as of September 30, 2023 and December 31, 2022, respectively.

Our non-marketable equity securities are recorded in long-term investments on our condensed consolidated balance sheets. The carrying value of our non-marketable equity securities totaled $1.8 billion as of September 30, 2023 and December 31, 2022. As of September 30, 2023 and December 31, 2022, we had non-marketable equity securities of $168 million and $136 million, respectively, where we have the ability to exercise significant influence, but not control, over the investee. We account for these equity securities using the equity method of accounting. The remaining non-marketable equity securities do not have a readily determinable fair value and we measure these equity investments at cost minus impairment, if any, and adjust for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the "Measurement Alternative"). All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our condensed consolidated statements of income (loss).

Measurement Alternative adjustments

The adjustments to the carrying value of our non-marketable equity securities accounted for under the Measurement Alternative in the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Carrying amount, beginning of period	$ 1,691	$ 1,574	$ 1,687	$ 1,268
Adjustments related to non-marketable equity securities:				
Net additions[(1)]	4	17	30	74
Gross unrealized gains	—	174	23	423
Gross unrealized losses and impairments	(15)	—	(60)	—
Carrying amount, end of period	$ 1,680	$ 1,765	$ 1,680	$ 1,765

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

The following table summarizes the cumulative gross unrealized gains and cumulative gross unrealized losses and impairment related to non-marketable equity securities accounted for under the Measurement Alternative, held at September 30, 2023 and December 31, 2022, respectively:

	September 30, 2023	December 31, 2022
	(In millions)	
Cumulative gross unrealized gains	$ 1,159	$ 1,137
Cumulative gross unrealized losses and impairments	$ (188)	$ (131)

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 September 30, 2023 and 2022, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Net unrealized gains (losses)	$ 13	$ 232	$ 200	$ 220

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 September 30, 2023 and December 31, 2022:

	September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In millions)	
Assets:			
Cash and cash equivalents[1]	$ 677	$ —	$ 677
Short-term investments[2]:			
U.S. government and agency securities	574	—	574
Foreign government and agency securities	356	—	356
Corporate debt securities	1,122	—	1,122
Asset-backed securities	579	—	579
Commercial paper	1,587	—	1,587
Total short-term investments	4,218	—	4,218
Funds receivable and customer accounts[3]:			
Cash and cash equivalents	398	—	398
U.S. government and agency securities	8,705	—	8,705
Foreign government and agency securities	930	—	930
Corporate debt securities	1,579	—	1,579
Asset-backed securities	1,498	—	1,498
Municipal securities	573	—	573
Commercial paper	3,075	—	3,075
Total funds receivable and customer accounts	16,758	—	16,758
Derivatives	301	—	301
Crypto asset safeguarding asset	877	—	877
Long-term investments[2],[4]:			
U.S. government and agency securities	316	—	316
Foreign government and agency securities	32	—	32
Corporate debt securities	199	—	199
Asset-backed securities	874	—	874
Marketable equity securities	541	541	—
Total long-term investments	1,962	541	1,421
Total financial assets	$ 24,793	$ 541	$ 24,252
Liabilities:			
Derivatives	$ 56	$ —	$ 56
Crypto asset safeguarding liability	877	—	877
Total financial liabilities	$ 933	$ —	$ 933

[1] Excludes cash of $6.1 billion not measured and recorded at fair value.
[2] Excludes restricted cash of $6 million and time deposits of $552 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $17.9 billion underlying funds receivable and customer accounts not measured and recorded at fair value.
[4] Excludes non-marketable equity securities of $1.8 billion measured using the Measurement Alternative or equity method accounting.

PayPal Holdings, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In millions)	
Assets:			
Cash and cash equivalents[1]	$ 932	$ —	$ 932
Short-term investments[2]:			
U.S. government and agency securities	812	—	812
Foreign government and agency securities	424	—	424
Corporate debt securities	627	—	627
Asset-backed securities	406	—	406
Commercial paper	324	—	324
Total short-term investments	2,593	—	2,593
Funds receivable and customer accounts[3]:			
Cash and cash equivalents	192	—	192
U.S. government and agency securities	8,484	—	8,484
Foreign government and agency securities	1,777	—	1,777
Corporate debt securities	1,694	—	1,694
Asset-backed securities	1,298	—	1,298
Municipal securities	407	—	407
Commercial paper	3,689	—	3,689
Total funds receivable and customer accounts	17,541	—	17,541
Derivatives	244	—	244
Crypto asset safeguarding asset	604	—	604
Long-term investments[2], [4]:			
U.S. government and agency securities	457	—	457
Foreign government and agency securities	364	—	364
Corporate debt securities	929	—	929
Asset-backed securities	1,067	—	1,067
Marketable equity securities	323	323	—
Total long-term investments	3,140	323	2,817
Total financial assets	$ 25,054	$ 323	$ 24,731
Liabilities:			
Derivatives	$ 298	$ —	$ 298
Crypto asset safeguarding liability	604	—	604
Total financial liabilities	$ 902	$ —	$ 902

[1] Excludes cash of $6.8 billion not measured and recorded at fair value.
[2] Excludes restricted cash of $17 million and time deposits of $537 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $18.7 billion underlying funds receivable and customer accounts not measured and recorded at fair value.
[4] Excludes non-marketable equity securities of $1.8 billion measured using the Measurement Alternative or equity method accounting.

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

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

As of September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022:

	September 30, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)		(In millions)	
Funds receivable and customer accounts	$ 255	$ 247	$ 441	$ 481

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 nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Funds receivable and customer accounts	$ (5)	$ (70)	$ 6	$ (213)

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

The following tables summarize our assets held as of September 30, 2023 and December 31, 2022 for which a non-recurring fair value measurement was recorded during the nine months ended September 30, 2023 and the year ended December 31, 2022, respectively:

	September 30, 2023	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Loans and interest receivable, held for sale	$ 2,165	$ —	$ 2,165
Non-marketable equity securities measured using the Measurement Alternative[(1)]	159	111	48
Other assets[(2)]	112	112	—
Total	$ 2,436	$ 223	$ 2,213

[(1)] Excludes non-marketable equity securities of $1.5 billion accounted for under the Measurement Alternative for which no observable price changes occurred during the nine months ended September 30, 2023.
[(2)] Consists of ROU lease assets recorded at fair value pursuant to impairment charges that occurred during the nine months ended September 30, 2023. See “Note 6—Leases” for additional information.

	December 31, 2022	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Non-marketable equity investments measured using the Measurement Alternative[1]	$ 1,122	$ 724	$ 398
Other assets[2]	165	165	—
Total	$ 1,287	$ 889	$ 398

[1] Excludes non-marketable equity securities of $565 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2022.
[2] Consists of ROU lease assets recorded at fair value pursuant to impairment charges that occurred during the year ended December 31, 2022. See "Note 6—Leases" for additional information.

The fair value of loans and interest receivables held for sale is classified within Level 3 as we estimate fair value using significant unobservable inputs. The significant unobservable input is the price at which the Company expects to sell the loans based upon our agreement with the global investment firm to purchase these loans. The price 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 September 30, 2023:

	Fair Value (In millions)	Methodology	Input	Low[1]	High[1]	Weighted Average[1][2]
Loans and interest receivable, held for sale	$ 2,165	Price-based	Price	$ 0.98	$ 1.00	$ 0.99

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

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

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

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AND RECORDED AT FAIR VALUE

Our financial instruments, including cash, restricted cash, time deposits, loans and interest receivable, net, certain customer accounts, and long-term debt related to borrowings on our credit facilities, are carried at amortized cost, which approximates their fair value. Our notes receivable had a carrying value of approximately $479 million and fair value of approximately $406 million as of September 30, 2023. Our notes receivable had a carrying value of approximately $441 million and fair value of approximately $396 million as of December 31, 2022. Our term debt (including current portion) in the form of fixed rate notes had a carrying value of approximately $10.5 billion and fair value of approximately $9.5 billion as of September 30, 2023. Our term debt (including current portion) in the form of fixed rate notes had a carrying value of approximately $10.3 billion and fair value of approximately $9.5 billion as of December 31, 2022. If these financial instruments were measured at fair value in the financial statements, cash would be classified as Level 1; restricted cash, time deposits, certain customer accounts, and term debt (including current portion) would be classified as Level 2; and the remaining financial instruments would be classified as Level 3 in the fair value hierarchy.

NOTE 10—DERIVATIVE INSTRUMENTS

SUMMARY OF DERIVATIVE INSTRUMENTS

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

Cash flow hedges

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

As of September 30, 2023, we estimated that $86 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 nine months ended September 30, 2023 and 2022, we did not discontinue any cash flow hedges because it was probable that the original forecasted transaction would not occur and as such, did not reclassify any gains or losses to earnings prior to the occurrence of the hedged transaction. If we elect to discontinue our cash flow hedges and it is probable that the original forecasted transaction will occur, we continue to report the derivative's gain or loss in AOCI until the forecasted transaction affects earnings, at which point we also reclassify it into earnings. Gains and losses on derivatives held after we discontinue our cash flow hedges and on derivative instruments that are not designated as cash flow hedges are recorded in the same financial statement line item to which the derivative relates.

Net investment hedges

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

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

Foreign currency exchange contracts not designated as hedging instruments

We have a foreign currency exposure management program in which we use foreign currency exchange contracts to offset the foreign currency 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 currency 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 currency exchange contracts. The cash flows associated with our non-designated derivatives used to hedge foreign currency denominated monetary assets and liabilities are classified in cash flows from operating activities on our condensed consolidated statements of cash flows.

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of September 30, 2023 and December 31, 2022 was as follows:

	Balance Sheet Location	September 30, 2023	December 31, 2022
		(In millions)	
Derivative Assets:			
Foreign currency exchange contracts designated as hedging instruments	Other current assets	$ 105	$ 167
Foreign currency exchange contracts designated as hedging instruments	Other assets (non-current)	94	15
Foreign currency exchange contracts not designated as hedging instruments	Other current assets	102	62
Total derivative assets		$ 301	$ 244
Derivative Liabilities:			
Foreign currency exchange contracts designated as hedging instruments	Other current liabilities	$ 19	$ 68
Foreign currency exchange contracts designated as hedging instruments	Other long-term liabilities	—	133
Foreign currency exchange contracts not designated as hedging instruments	Other current liabilities	37	97
Total derivative liabilities		$ 56	$ 298

MASTER NETTING AGREEMENTS - RIGHTS OF SET-OFF

Under master netting agreements with certain counterparties to our foreign currency exchange contracts, 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. However, we have elected to present the derivative assets and derivative liabilities on a gross basis on our condensed consolidated balance sheets. Rights of set-off associated with our foreign currency exchange contracts represented a potential offset to both assets and liabilities of $29 million as of September 30, 2023 and $70 million as of December 31, 2022.

We have entered into collateral security arrangements that provide for collateral to be received or posted when the net fair value of certain financial instruments fluctuates from contractually established thresholds. The following table provides the collateral posted and received:

	September 30, 2023	December 31, 2022
	(In millions)	
Cash collateral posted[(1)]	$ 16	$ 24
Cash collateral received[(2)]	$ 138	$ 203

(1) Right to reclaim cash collateral related to our derivative liabilities recognized in other current assets on our condensed consolidated balance sheets.
(2) Obligation to return counterparty cash collateral related to our derivative assets recognized in other current liabilities on our condensed consolidated balance sheets.

EFFECT OF DERIVATIVE CONTRACTS ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended September 30,			
	2023		2022	
	(In millions)			
	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges and net investment hedges are recorded	$ 7,418	$ 73	$ 6,846	$ 460
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of gains on foreign currency exchange contracts reclassified from AOCI	7	—	156	—
Gains (losses) on derivatives in net investment hedging relationship:				
Amount of gains on foreign currency exchange contracts excluded from the assessment of effectiveness	—	20	—	27
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of gains on foreign currency exchange contracts	—	54	—	52
Amount of losses on equity derivative contracts [1]	—	—	—	(174)
Total gains (losses)	$ 7	$ 74	$ 156	$ (95)

[1] During the three months ended September 30, 2022, equity derivative contracts were entered into and matured in association with the sale of marketable equity securities related to a strategic investment.

	Nine Months Ended September 30,			
	2023		2022	
	(In millions)			
	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges and net investment hedges are recorded	$ 21,745	$ 318	$ 20,135	$ (337)
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of gains on foreign exchange contracts reclassified from AOCI	117	—	310	—
Gains (losses) on derivatives in net investment hedging relationship:				
Amount of gains on foreign exchange contracts excluded from the assessment of effectiveness	—	79	—	53
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of (losses) gains on foreign exchange contracts	—	(102)	—	160
Amount of losses on equity derivative contracts [1]	—	—	—	(174)
Total gains (losses)	$ 117	$ (23)	$ 310	$ 39

[1] During the nine months ended September 30, 2022, equity derivative contracts were entered into and matured in association with the sale of marketable equity securities related to a strategic investment. The cash flows associated with the equity derivative contracts were classified in cash flows from investing activities on our condensed consolidated statements of cash flows.

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Unrealized gains on foreign exchange contracts designated as cash flow hedges	$ 116	$ 294	$ 92	$ 658
Unrealized gains on foreign exchange contracts designated as net investment hedges	35	97	231	253
Total unrealized gains recognized from derivative contracts designated as hedging instruments in the condensed consolidated statements of comprehensive income (loss)	$ 151	$ 391	$ 323	$ 911

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS

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

	September 30, 2023	December 31, 2022
	(In millions)	
Foreign exchange contracts designated as hedging instruments	$ 6,336	$ 7,149
Foreign exchange contracts not designated as hedging instruments	9,387	11,840
Total	$ 15,723	$ 18,989

NOTE 11—LOANS AND INTEREST RECEIVABLE

LOANS AND INTEREST RECEIVABLE, HELD FOR SALE

In June 2023, we entered into a multi-year agreement with a global investment firm to sell up to €40 billion of our eligible consumer installment receivables portfolio, including those held on our balance sheet at closing of the transaction and a forward-flow arrangement for the sale of future originations. Loans and interest receivable, held for sale are recorded at the lower of cost or fair value, determined on an aggregate basis, with valuation changes and any associated charge-offs recorded in restructuring and other charges on our condensed consolidated statements of income (loss). Prior to the decision to sell, this portfolio was reported at outstanding principal balances, net of allowances, including unamortized deferred origination costs and estimated collectible interest and fees. At the time of reclassification, any previously recorded allowance for credit losses for loans and interest receivable outstanding was reversed, resulting in a decrease of approximately $33 million in transaction and credit losses in our condensed consolidated statements of income (loss). See “Note 1—Overview and Summary of Significant Accounting Policies” for additional information.

During the nine months ended September 30, 2023, we reclassified approximately $1.2 billion of eligible consumer installment receivables from loans and interest receivable, net to loans and interest receivable, held for sale. As of September 30, 2023, the total outstanding balance in our held for sale portfolio was $2.2 billion, including loans reclassified as held for sale and loans originated as held for sale.

LOANS AND INTEREST RECEIVABLE, NET

Consumer receivables

We offer revolving and installment credit products as a funding option for consumers in certain checkout transactions on our payments platform. Our revolving credit product consists of PayPal Credit in the U.K., which is made available to consumers as a funding source in their PayPal wallet once they are approved for credit. Additionally, we offer installment credit products at the time of checkout in various markets, including the U.S., several markets across Europe, Australia, and Japan. We offer non interest-bearing installment credit products in these markets as well as interest-bearing installment credit products in the U.S. and Germany. Beginning in June 2022, we have purchased 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 nine months ended September 30, 2023 and 2022, we purchased approximately $643 million and $106 million in consumer receivables, respectively. As of September 30, 2023 and December 31, 2022, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was $4.2 billion and $5.9 billion, respectively, net of the participation interest sold to the partner institution of $22 million and $17 million, respectively.

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

Consumer receivables delinquency and allowance

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

	September 30, 2023 (In millions, except percentages)							
		Installment Loans Amortized Cost Basis						
	Revolving Loans Amortized Cost Basis	2023	2022	2021	2020	2019	Total	Percent
Consumer loans and interest receivable:								
Current	$ 1,993	$ 1,609	$ 412	$ 11	$ —	$ —	$ 4,025	95.4%
30 - 59 Days	26	30	6	1	—	—	63	1.5%
60 - 89 Days	18	22	6	—	—	—	46	1.1%
90 - 179 Days	35	37	11	1	—	—	84	2.0%
Total	$ 2,072	$ 1,698	$ 435	$ 13	$ —	$ —	$ 4,218	100%
Gross charge-offs for the nine months ended September 30, 2023	$ 95	$ 43	$ 129	$ 5	$ —	$ —	$ 272	

	December 31, 2022 (In millions, except percentages)							
		Installment Loans Amortized Cost Basis						
	Revolving Loans Amortized Cost Basis	2022	2021	2020	2019	2018	Total	Percent
Consumer loans and interest receivable:								
Current	$ 1,850	$ 3,726	$ 123	$ —	$ —	$ —	$ 5,699	97.1%
30 - 59 Days	23	26	2	—	—	—	51	0.9%
60 - 89 Days	15	20	2	—	—	—	37	0.6%
90 - 179 Days	34	47	4	—	—	—	85	1.4%
Total[1]	$ 1,922	$ 3,819	$ 131	$ —	$ —	$ —	$ 5,872	100%

[1] Excludes receivables from other consumer credit products of $11 million at December 31, 2022.

The following table summarizes the activity in the allowance for consumer loans and interest receivable for the nine months ended September 30, 2023 and 2022:

	September 30, 2023			September 30, 2022		
	Consumer Loans Receivable	Interest Receivable	Total Allowance[1]	Consumer Loans Receivable	Interest Receivable	Total Allowance[2]
	(In millions)					
Beginning balance	$ 322	$ 25	$ 347	$ 243	$ 43	$ 286
Reversal of allowance due to reclassification of loans and interest receivable to held for sale	(33)	—	(33)	—	—	—
Provisions	271	20	291	198	9	207
Charge-offs	(250)	(22)	(272)	(149)	(22)	(171)
Recoveries	29	—	29	14	—	14
Other[3]	(5)	—	(5)	(41)	(6)	(47)
Ending balance	$ 334	$ 23	$ 357	$ 265	$ 24	$ 289

[1] Beginning balances, provisions and charge-offs include amounts related to loans and interest receivable prior to their reclassification to loan and interest receivable, held for sale.
[2] Excludes allowances from other consumer credit products of $2 million at September 30, 2022.
[3] Includes amounts related to foreign currency remeasurement.

The provision for the nine months ended September 30, 2023 for our consumer receivable portfolio was primarily attributable to growth in installment loans in the U.S. and Japan and U.K. revolving loans as well as a deterioration in credit quality of installment loans in the U.S. In the second quarter of 2023, we updated our expected credit loss models for the U.K. revolving loan product. The updated expected credit loss models utilize certain macroeconomic factors such as forecasted trends in household disposable income and retail e-commerce sales, and no longer consider unemployment. These changes did not have a material impact on our provision recorded in the period. Qualitative adjustments were made to account for limitations in our current expected credit loss models due to uncertainty with respect to the financial health of our borrowers.

The increase in charge-offs for the nine months ended September 30, 2023 compared to the same period of the prior year was due to the expansion of our installment products and growth of revolving credit products.

The provision for current expected credit losses relating to our consumer receivable portfolio is recognized in transaction and credit losses on our condensed consolidated statements of income (loss). The provision for interest receivable for interest earned on our consumer receivable portfolio is recognized in revenues from other value added services as a reduction to revenue. Loans receivable continue to accrue interest until they are charged off.

We charge off consumer receivable balances in the month in which a customer's balance becomes 180 days past the billing date or contractual repayment date, except for the U.S. consumer interest-bearing installment receivables, which are charged off 120 days past the contractual repayment date. Bankrupt accounts are charged off within 60 days after receipt of notification of bankruptcy. Charge-offs are recorded as a reduction to our allowance for loans and interest receivable and subsequent recoveries, if any, are recorded as an increase to the allowance for loans and interest receivable.

Merchant receivables

We offer access to merchant finance products for certain small and medium-sized businesses through our PayPal Working Capital ("PPWC") and PayPal Business Loan ("PPBL") products, which we collectively refer to as our merchant finance offerings. We purchase receivables related to credit extended to U.S. merchants by a partner institution and are responsible for the servicing functions related to that portfolio. During the nine months ended September 30, 2023 and 2022, we purchased approximately $1.3 billion and $2.3 billion in merchant receivables, respectively. As of September 30, 2023 and December 31, 2022, the total outstanding balance in our pool of merchant loans, advances, and interest and fees receivable was $1.4 billion and $2.1 billion, respectively, net of the participation interest sold to the partner institution of $55 million and $97 million, respectively.

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

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

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

Merchant receivables delinquency and allowance

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

	September 30, 2023 (In millions, except percentages)						
	2023	2022	2021	2020	2019	Total	Percent
Merchant loans, advances, and interest and fees receivable:							
Current	$ 988	$ 173	$ 5	$ 30	$ 20	$ 1,216	86.7%
30 - 59 Days	30	24	2	1	3	60	4.3%
60 - 89 Days	15	17	—	1	1	34	2.4%
90 - 179 Days	27	53	2	2	1	85	6.1%
180+ Days	—	4	2	1	1	8	0.5%
Total	$ 1,060	$ 271	$ 11	$ 35	$ 26	$ 1,403	100%
Gross charge-offs for the nine months ended September 30, 2023	$ 12	$ 185	$ 13	$ 14	$ 4	$ 228	

	December 31, 2022 (In millions, except percentages)						
	2022	2021	2020	2019	2018	Total	Percent
Merchant loans, advances, and interest and fees receivable:							
Current	$ 1,826	$ 20	$ 57	$ 42	$ 2	$ 1,947	90.7%
30 - 59 Days	63	7	3	4	—	77	3.6%
60 - 89 Days	34	4	4	2	—	44	2.0%
90 - 179 Days	55	9	3	3	—	70	3.3%
180+ Days	1	2	2	3	—	8	0.4%
Total	$ 1,979	$ 42	$ 69	$ 54	$ 2	$ 2,146	100%

The following table summarizes the activity in the allowance for merchant loans, advances, and interest and fees receivable for the nine months ended September 30, 2023 and 2022:

	September 30, 2023			September 30, 2022		
	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance
	(In millions)					
Beginning balance	$ 230	$ 18	$ 248	$ 192	$ 9	$ 201
Provisions	135	24	159	31	9	40
Charge-offs	(204)	(24)	(228)	(75)	(6)	(81)
Recoveries	19	—	19	27	—	27
Ending balance	$ 180	$ 18	$ 198	$ 175	$ 12	$ 187

The provision for the nine months ended September 30, 2023 was primarily attributable to a deterioration in credit quality of loans outstanding. Qualitative adjustments were made to account for limitations in our current expected credit loss models due to uncertainty around the financial health of our borrowers, including the effectiveness of loan modification programs made available to merchants, as described further below.

The increase in the charge-offs for the nine months ended September 30, 2023 compared to the same period of the prior year was due to the expansion of acceptable risk parameters in 2022, which resulted in a deterioration of the overall credit quality of loans outstanding.

For merchant loans and advances, the determination of delinquency is based on the current expected or contractual repayment period of the loan or advance and fixed interest or fee payment as compared to the original expected or contractual repayment period. We charge off the receivables outstanding under our PPBL product when the repayments are 180 days past the contractual repayment date. We charge off the receivables outstanding under our PPWC product when the repayments are 180 days past our expectation of repayments and the merchant has not made a payment in the last 60 days, or when the repayments are 360 days past due regardless of whether the merchant has made a payment in the last 60 days. Bankrupt accounts are charged off within 60 days after receipt of notification of bankruptcy. The provision for credit losses on merchant loans and advances is recognized in transaction and credit losses on our condensed consolidated statements of income (loss), and the provision for interest and fees receivable is recognized as a reduction of deferred revenue in accrued expenses and other current liabilities on our condensed consolidated balance sheets. Charge-offs are recorded as a reduction to our allowance for loans and interest receivable and subsequent recoveries, if any, are recorded as an increase to the allowance for loans and interest receivable.

Loan modifications for merchants experiencing financial difficulty

In certain instances, we may modify the merchant loans, advances, and interest and fees receivable for which we determine it is probable that, without modification, we would be unable to collect all amounts due. These modifications are intended to provide merchants with financial relief and enable us to potentially mitigate losses.

Modifications during the three and nine months ended September 30, 2023 were term extensions. These modifications increased the term, while moving the delinquency status to current. The following table details merchant loans, advances, and interest and fees receivable as of September 30, 2023 that were modified through a term extension to a merchant experiencing financial difficulty during the three and nine months ended September 30, 2023, and the financial effect of these modifications:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Merchant loans, advances, and interest and fees receivables:		
Amortized cost basis (in millions)	$ 37	$ 107
Modifications as % of merchant loans, advances, and interest and fees receivables	3 %	8 %
Weighted average term extension (months)	25	24

We closely monitor the performance of the merchant loans, advances, and interest and fees receivable that were modified to extend the term to understand the effectiveness of these modification efforts. The following table depicts the performance of merchant loans, advances, and interest and fees receivable as of September 30, 2023 that have been modified during the nine months ended September 30, 2023:

	September 30, 2023 (In millions)
Merchant loans, advances, and interest and fees receivables:	
Current	$ 86
30 - 59 days past due	7
60 - 89 days past due	4
90 - 179 days past due	10
Total	$ 107

A merchant is considered in payment default after a modification when the merchant's payment is 60 days past their expected or contractual repayment date. Merchant loans, advances, and interest and fees receivable modified to extend the term since January 1, 2023 that subsequently defaulted were not material during the three and nine months ended September 30, 2023.

Allowances for merchant loans, advances, and interest and fees receivable modified due to merchants experiencing financial difficulties are assessed separately from other loans and advances within our portfolio and are determined by estimating current expected credit losses utilizing the modified term. Historical loss estimates are utilized in addition to macroeconomic assumptions to determine current expected credit losses. Further, we may include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses.

NOTE 12—DEBT

FIXED RATE NOTES

In June 2023, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of ¥90 billion (approximately $603 million as of September 30, 2023). Interest on these notes is payable on June 9 and December 9 of each year, beginning on December 9, 2023.

In May 2022, May 2020, and September 2019, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of $3.0 billion, $4.0 billion and $5.0 billion, respectively.

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

In May 2022, we repurchased certain notes under the September 2019 and May 2020 debt issuances prior to maturity through tender offers. In addition, in June 2022, we redeemed the outstanding balance of the notes maturing in September 2022 through a make-whole redemption. We repurchased and redeemed $1.6 billion of outstanding notes, as described above, which resulted in de minimis debt extinguishment net gains that were recorded as interest expense within other income (expense), net on our condensed consolidated statements of income (loss).

As of September 30, 2023 and December 31, 2022, we had an outstanding aggregate principal amount of $10.6 billion and $10.4 billion, respectively, related to the Notes. The following table summarizes the Notes:

	Maturities	Effective Interest Rate	September 30, 2023	December 31, 2022
			(in millions)	
September 2019 debt issuance:				
Fixed-rate 2.400% notes	10/1/2024	2.52%	$ 1,250	$ 1,250
Fixed-rate 2.650% notes	10/1/2026	2.78%	1,250	1,250
Fixed-rate 2.850% notes	10/1/2029	2.96%	1,500	1,500
May 2020 debt issuance:				
Fixed-rate 1.350% notes	6/1/2023	1.55%	—	418
Fixed-rate 1.650% notes	6/1/2025	1.78%	1,000	1,000
Fixed-rate 2.300% notes	6/1/2030	2.39%	1,000	1,000
Fixed-rate 3.250% notes	6/1/2050	3.33%	1,000	1,000
May 2022 debt issuance:				
Fixed-rate 3.900% notes	6/1/2027	4.06%	500	500
Fixed-rate 4.400% notes	6/1/2032	4.53%	1,000	1,000
Fixed-rate 5.050% notes	6/1/2052	5.14%	1,000	1,000
Fixed-rate 5.250% notes	6/1/2062	5.34%	500	500
June 2023 debt issuance[1]:				
¥30 billion fixed-rate 0.813% notes	6/9/2025	0.89%	201	—
¥23 billion fixed-rate 0.972% notes	6/9/2026	1.06%	154	—
¥37 billion fixed-rate 1.240% notes	6/9/2028	1.31%	248	—
Total term debt			$ 10,603	$ 10,418
Unamortized premium (discount) and issuance costs, net			(71)	(74)
Less: current portion of term debt[2]			—	(418)
Total carrying amount of term debt			$ 10,532	$ 9,926

[1] Principal amounts represent the U.S. dollar equivalent as of September 30, 2023 and December 31, 2022, respectively.
[2] The current portion of term debt is included within accrued expenses and other current liabilities on our condensed consolidated balance sheets.

The effective interest rates for the Notes include interest on the Notes, amortization of debt issuance costs, and amortization of the debt discount. The interest expense recorded for the Notes, including amortization of the debt discount and debt issuance costs, was $84 million and $250 million for the three and nine months ended September 30, 2023, respectively. The interest expense recorded for the Notes, including amortization of the debt discount, debt issuance costs, and debt extinguishment net gains, was $83 million and $206 million for the three and nine months ended September 30, 2022, respectively.

CREDIT FACILITIES

Five-year revolving credit facility

In June 2023, we entered into a credit agreement (the "Credit Agreement") that provides for an unsecured $5.0 billion, five-year revolving credit facility and terminated the facility entered into in September 2019. The Credit Agreement includes a $150 million letter of credit sub-facility and a $600 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. Loans borrowed under the Credit Agreement are available in U.S. dollar, Euro, British pound, and Australian dollar, and in each case subject to the sub-limits and other limitations provided in the Credit Agreement. We may also, subject to the agreement of the applicable lenders and satisfaction of specified conditions, increase the commitments under the revolving credit facility by up to $2.0 billion. Subject to specific conditions, we may designate one or more of our subsidiaries as additional borrowers under the Credit Agreement, provided PayPal Holdings, Inc. guarantees the portion of borrowings made available and other obligations of any such subsidiaries under the Credit Agreement. As of September 30, 2023, certain subsidiaries were designated as additional borrowers. Funds borrowed under the Credit Agreement may be used for working capital, capital expenditures, acquisitions, and other purposes not in contravention of the Credit Agreement.

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

As of September 30, 2023, no borrowings or letters of credit were outstanding under the Credit Agreement. Accordingly, at September 30, 2023, $5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing.

Paidy credit agreement

In February 2022, we entered into a credit agreement (the "Paidy Credit Agreement") with Paidy as co-borrower, which provided for an unsecured revolving credit facility of ¥60.0 billion, which was modified in September 2022 to increase the borrowing capacity by ¥30.0 billion for a total borrowing capacity of ¥90.0 billion (approximately $603 million as of September 30, 2023). In June 2023, we repaid borrowings on the Paidy Credit Agreement using proceeds from the June 2023 debt issuance. As of September 30, 2023 and December 31, 2022, ¥16.0 billion (approximately $108 million) and ¥64.3 billion (approximately $491 million) was drawn down under the Paidy Credit Agreement, respectively, which was recorded in long-term debt on our condensed consolidated balance sheets. At September 30, 2023, ¥74.0 billion (approximately $495 million) of borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement, subject to customary conditions to borrowing. During the three and nine months ended September 30, 2023 and 2022, the total interest expense and fees we recorded related to the Paidy Credit Agreement were de minimis.

FUTURE PRINCIPAL PAYMENTS

As of September 30, 2023, the future principal payments associated with our term debt were as follows (in millions):

Remaining 2023	$	—
2024		1,250
2025		1,201
2026		1,404
2027		500
Thereafter		6,248
Total	$	10,603

Other than as provided above, there were no significant changes to the information disclosed in our 2022 Form 10-K.

NOTE 13—COMMITMENTS AND CONTINGENCIES

COMMITMENTS

As of September 30, 2023 and December 31, 2022, approximately $5.7 billion and $4.9 billion, respectively, of unused credit was available to PayPal Credit account holders in the U.K. While this amount represents the total unused credit available, we have not experienced, and do not anticipate, that all our PayPal Credit account holders will access their entire available credit at any given point in time. In addition, the individual lines of credit that make up this unused credit are subject to periodic review and termination based on, among other things, account usage and customer creditworthiness.

LITIGATION AND REGULATORY MATTERS

Overview

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

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable and reasonably estimable were not material as of September 30, 2023. Except as otherwise noted for the proceedings described in this Note 13, we have concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are also not material. Determining legal reserves or possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Regulatory proceedings

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

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

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

PPAU is required to deliver an Assurance Action Plan ("AAP") under the enforceable undertaking to demonstrate that the governance and oversight arrangements following the remedial work completed by PPAU are sustainable and appropriate. The enforceable undertaking requires PPAU to appoint an external auditor. The external auditor was appointed on June 22, 2023 and will assess and report on the appropriateness, sustainability and efficacy of the actions to be taken under the AAP. The external auditor's final report to PPAU and AUSTRAC is due on or before April 16, 2024. The successful completion of the enforceable undertaking is subject to AUSTRAC's ultimate review and decision based on the external auditor's final report. We cannot predict the outcome of the external auditor's final report or AUSTRAC's decision.

Any failure to comply with the enforceable undertaking could result in penalties or require us to change our business practices.

We have received Civil Investigative Demands ("CIDs") from the Consumer Financial Protection Bureau ("CFPB") related to Venmo's unauthorized funds transfers and collections processes, and related matters, including treatment of consumers who request payments but accidentally designate an unintended recipient. The CIDs request the production of documents and answers to written questions. We are cooperating with the CFPB in connection with these CIDs.

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

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

In October 2023, we received a CID from the CFPB related to investigation and error-resolution obligations under Regulation E, the presentment of transactions to linked bank accounts, and related matters. The CID requests the production of documents and answers to written questions. We are cooperating with the CFPB in connection with this CID.

On November 1, 2023, we received a subpoena from the U.S. SEC Division of Enforcement relating to PayPal USD stablecoin. The subpoena requests the production of documents. We are cooperating with the SEC in connection with this request.

Legal proceedings

On December 16, 2021 and January 19, 2022, two related putative shareholder derivative actions captioned *Pang v. Daniel Schulman, et al.*, Case No. 21-cv-09720, and *Lalor v. Daniel Schulman, et al.*, Case No. 22-cv-00370, respectively, were filed in the U.S. District Court for the Northern District of California (the "California Derivative Actions"), purportedly on behalf of the Company. On August 2, 2022, a related putative shareholder derivative action captioned *Jefferson v. Daniel Schulman, et al.*, No. 2022-0684, was filed in the Court of Chancery for the State of Delaware (the "Delaware Derivative Action," and collectively with the California Derivative Actions, the "Derivative Actions"), purportedly on behalf of the Company. The Derivative Actions are based on the same alleged facts and circumstances as the putative securities class action captioned *Kang v. PayPal Holdings, Inc., et al.*, Case No. 21-cv-06468, that was filed in the U.S. District Court for the Northern District of California (the "Kang 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, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Securities Exchange Act of 1934 ("Exchange Act"), and seek to recover damages on behalf of the Company. On February 1, 2022, the court entered an order consolidating the two California Derivative Actions and staying them until all motions to dismiss in the Kang Securities Action are resolved. On June 29, 2023, following the final dismissal of the Kang Securities Action, the Court ordered a stipulation dismissing the California Derivative Actions, without prejudice, and on July 7, 2023, the Court ordered a stipulation dismissing the Delaware Derivative Action, without prejudice.

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 Sections 10(b) of the Exchange Act against the Company, as well as its former Chief Executive Officer, 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.

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. The Shah and Nelson 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 Shah and Nelson Actions allege claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, gross mismanagement and violations of the Exchange Act, and seek to recover damages on behalf of the Company. The Shah and Nelson Actions have been stayed pending further developments in the PPH Securities Action.

On December 20, 2022, a civil lawsuit captioned State of Hawai'i, by its Office of Consumer Protection, v. PayPal, Inc., and PayPal Holdings, Inc., Case No. 1CCV-22-0001610, was filed in the Circuit Court of the First Circuit of the State of Hawai'i (the "Hawai'i Action"). The Hawai'i Action asserts claims for unfair and deceptive acts and practices under Hawai'i Revised Statutes Sections 480-2(a) and 481A-3(a). Plaintiff seeks injunctive relief as well as unspecified penalties and other monetary relief. On July 14, 2023, the court denied Defendants' motion to dismiss the complaint. Trial is scheduled to begin in August 2024.

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 customers (individually or as class actions) or regulators alleging, among other things, improper disclosure of our prices, rules, or policies, that our practices, prices, rules, policies, or customer/user agreements violate applicable law, or that we have acted unfairly or not acted in conformity with such prices, rules, policies, or agreements. In addition to these types of disputes and regulatory inquiries, our operations are also subject to regulatory and legal review and challenges that may reflect the increasing global regulatory focus to which the payments industry is subject and, when taken as a whole with other regulatory and legislative action, such actions could result in the imposition of costly new compliance burdens on our business and customers and may lead to increased costs and decreased transaction volume and revenue. Further, the number and significance of these disputes and inquiries are increasing as our business has grown and expanded in scale and scope, including the number of active accounts and payments transactions on our platform, the range and increasing complexity of the products and services that we offer, and our geographical operations. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, settlement payments, damage awards (including statutory damages for certain causes of action in certain jurisdictions), fines, penalties, injunctive relief, or increased costs of doing business through adverse judgment or settlement, require us to change our 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. We have provided an indemnity for other types of third-party claims, which may include indemnities related to intellectual property rights, confidentiality, willful misconduct, data privacy obligations, and certain breach of contract claims, among others. We have also provided an indemnity to our payments processors in the event of card association fines against the processor arising out of conduct by us or our customers. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and the unique facts and circumstances involved in each particular situation.

PayPal has participated in the U.S. Government's Paycheck Protection Program administered by the U.S. Small Business Administration. Loans made under this program are funded by an independent chartered financial institution that we partner with. We receive a fee for providing services in connection with these loans and retain 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.

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

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2023 and December 31, 2022, 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

We provide merchants and consumers with protection programs for certain transactions completed on our payments platform. These programs are intended to protect both merchants and consumers from loss primarily due to fraud and counterparty performance. Our Purchase Protection Program provides protection to consumers for qualifying purchases by reimbursing the consumer for the full amount of the purchase if a purchased item does not arrive or does not match the seller's description. Our Seller Protection Programs provide protection to merchants against claims that a transaction was not authorized by the buyer or claims that an item was not received by covering the seller for the full amount of the payment on eligible sales. These protection programs are considered assurance-type warranties under applicable accounting standards for which we estimate and record associated costs in transaction and credit losses during the period the payment transaction is completed.

At September 30, 2023 and December 31, 2022, the allowance for transaction losses was $67 million and $66 million, respectively. The allowance for negative customer balances was $230 million and $212 million at September 30, 2023 and December 31, 2022, 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 nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Beginning balance	$ 346	$ 378	$ 278	$ 355
Provision	329	254	915	956
Realized losses	(417)	(394)	(970)	(1,157)
Recoveries	39	50	74	134
Ending balance	$ 297	$ 288	$ 297	$ 288

NOTE 14—STOCK REPURCHASE PROGRAMS

During the nine months ended September 30, 2023, we repurchased approximately 64 million shares of our common stock for approximately $4.4 billion at an average price of $69.06, excluding excise tax. These shares were purchased in the open market under our stock repurchase programs authorized in July 2018 and June 2022. As of September 30, 2023, a total of approximately $11.5 billion remained available for future repurchases of our common stock under our June 2022 stock repurchase program.

The Inflation Reduction Act of 2022 imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. Beginning in the first quarter of 2023, we have reflected the applicable excise tax in treasury stock on our condensed consolidated balance sheet. During the nine months ended September 30, 2023, we recorded $39 million in excise tax within treasury stock on our condensed consolidated balance sheet.

NOTE 15—STOCK-BASED PLANS

In May 2023, our stockholders approved an additional authorization of 34.6 million shares to the Amended and Restated PayPal Holdings, Inc. 2015 Equity Incentive Award Plan (the "Plan"). In June 2023, the Company filed a post-effective amendment to the registration statement for the PayPal Holdings, Inc. 2022 Inducement Plan ("Inducement Plan"), which enabled 2.6 million shares previously issuable under the Inducement Plan to be included in the 34.6 million additional shares issuable under the Plan.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense for our equity incentive plans are measured based on their estimated fair value at the time of grant and recognized over the award's vesting period.

The impact on our results of operations of recording stock-based compensation expense under our equity incentive plans for the three and nine months ended September 30, 2023 and 2022 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Customer support and operations	$ 79	$ 56	$ 227	$ 196
Sales and marketing	44	27	132	114
Technology and development	156	115	453	380
General and administrative	115	41	315	317
Total stock-based compensation expense	$ 394	$ 239	$ 1,127	$ 1,007
Capitalized stock-based compensation expense	$ 14	$ 12	$ 38	$ 40

NOTE 16—INCOME TAXES

Our effective tax rate for the three and nine months ended September 30, 2023 was 18% and 21%, respectively. Our effective tax rate for the three and nine months ended September 30, 2022 was 16% and 34%, respectively. The difference between our effective tax rate and the U.S. federal statutory rate of 21% in the three and nine months ended September 30, 2023 was primarily the result of foreign income taxed at different rates and discrete tax adjustments, including tax expense related to stock-based compensation. The difference between our effective tax rate and the U.S. federal statutory rate of 21% for the three and nine months ended September 30, 2022 was primarily the result of foreign income taxed at different rates, and for the nine months ended September 30, 2022, tax expense related to the intra-group transfer of intellectual property.

NOTE 17—RESTRUCTURING AND OTHER CHARGES

During the first quarter of 2023, management initiated a global workforce reduction intended to focus resources on core strategic priorities, and improve our cost structure and operating efficiency. The associated restructuring charges during the three and nine months ended September 30, 2023 were $3 million and $120 million, respectively. We primarily incurred employee severance and benefits costs, substantially all of which have been accrued for as of March 31, 2023.

The following table summarizes the restructuring reserve activity during the nine months ended September 30, 2023:

	Employee Severance and Benefits and Other Associated Costs
	(In millions)
Accrued liability as of January 1, 2023	$ 24
Charges	120
Payments	(136)
Accrued liability as of September 30, 2023	$ 8

During the first quarter of 2022, management initiated a strategic reduction of the existing global workforce intended to streamline and optimize our global operations to enhance operating efficiency. This effort focused on reducing redundant operations and simplifying our organizational structure. The associated restructuring charges during the three and nine months ended September 30, 2022 were $23 million and $114 million, respectively. We primarily incurred employee severance and benefits costs, as well as associated consulting costs under this strategic reduction. The strategic actions associated with this plan were substantially completed by the fourth quarter of 2022.

Additionally, we are continuing to review our real estate and facility capacity requirements due to our new and evolving work models. We incurred asset impairment charges of $15 million and $58 million in the three and nine months ended September 30, 2023, respectively, and $29 million and $64 million in the three and nine months ended September 30, 2022, respectively, due to exiting of certain leased properties, which resulted in a reduction of ROU lease assets and related leasehold improvements. See "Note 6—Leases" for additional information. In the nine months ended September 30, 2023, we recognized a gain of $17 million due to the sale of an owned property. We also incurred a loss of $12 million related to another owned property held for sale in the nine months ended September 30, 2023.

During the three and nine months ended September 30, 2023, approximately $15 million and $49 million, respectively, of losses were recorded in restructuring and other charges in order to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

NOTE 18—SUBSEQUENT EVENTS

As described in "Note 1—Overview and Summary of Significant Accounting Policies," in June 2023 we entered into a multi-year agreement with a global investment firm to sell up to €40 billion of eligible consumer installment receivables. In October 2023, we began selling those receivables and as of October 31, 2023, $1.4 billion of such receivables, which were classified as held for sale, have been sold. Following the sale, the global investment firm became the owner of the receivables sold and we no longer hold an ownership interest in these receivables. This transaction was accounted for as a sale, based on our determination that it met the necessary criteria for such accounting including legal isolation of transferred assets, ability of the transferee to pledge or exchange the transferred assets without constraint, and the transfer of control. Accordingly, we no longer record these loan and interest receivables on our consolidated financial statements. We also concluded that our continuing involvement in the arrangement does not negate this determination.

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

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans, or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features or services, mergers or acquisitions, or management strategies). These forward-looking statements can be identified by words such as "may," "will," "would," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue," "strategy," "future," "opportunity," "plan," "project," "forecast," 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, 2022 (the "2022 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

We are a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world in the markets we serve, anytime, on any platform, and using any device when sending payments or getting paid, including person-to-person payments.

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 countering terrorist financing, anti-money laundering, 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.

Information security

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 remain subject to these risks and there can be no assurance that our security measures will provide sufficient security or prevent breaches or attacks. For additional information regarding our information security risks, see Part I, Item 1A, Risk Factors in our 2022 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.

BREXIT

The United Kingdom ("U.K.") formally exited the European Union ("EU") and the European Economic Area ("EEA") on January 31, 2020 (commonly referred to as "Brexit") with the expiration of the transition period on December 31, 2020. PayPal has operated in the U.K. within the scope of its passport permissions pursuant to the Temporary Permissions Regime pending the grant of new authorizations by the U.K. Financial Conduct Authority ("FCA"). On October 31, 2023, PayPal's U.K. subsidiary received authorizations from the FCA as an electronic money institution and consumer credit firm, and registration as a cryptoasset business, subject to certain conditions that will require further implementation action by us. We are currently unable to determine the longer-term impact that Brexit will have on our business, which will depend, in part, on the implications of new tariff, trade, and regulatory frameworks that now govern the provision of cross-border goods and services between the U.K. and the EEA. For additional information on how Brexit could affect our business, see Part I, Item 1A, Risk Factors in our 2022 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.

Brexit may contribute to instability in financial, stock, and foreign currency exchange markets, including volatility in the value of the British pound and Euro. We have foreign currency exchange exposure management programs designed to help reduce the impact from foreign currency exchange rate movements. The tables below provide the percentage of our total net revenues and gross loans and interest receivable from the U.K. and EU for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenues generated from the U.K.	7 %	7 %	7 %	8 %
Net revenues generated from the EU	20 %	17 %	19 %	17 %

	September 30, 2023[1]	December 31, 2022
Gross loans and interest receivable due from customers in the U.K.	31 %	29 %
Gross loans and interest receivable due from customers in the EU	31 %	28 %

[1] Includes loans and interest receivable, held for sale.

MACROECONOMIC ENVIRONMENT

The broader implications of the macroeconomic environment, including uncertainty around conflicts (including the Russia and Ukraine conflict), supply chain shortages, a recession globally or in markets in which we operate, higher inflation rates, higher interest rates, and other related global economic conditions, remain unknown. A deterioration in macroeconomic conditions could continue to increase the risk of lower consumer spending, merchant and consumer bankruptcy, insolvency, business failure, higher credit losses, foreign currency exchange fluctuations, or other business interruption, which may adversely impact our business. If these conditions continue or worsen, they could adversely impact our future financial and operating results.

OVERVIEW OF RESULTS OF OPERATIONS

The following table provides a summary of our condensed consolidated financial results for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2023	2022		2023	2022	
	(In millions, except percentages and per share data)					
Net revenues	$ 7,418	$ 6,846	8 %	$ 21,745	$ 20,135	8 %
Operating expenses	6,250	5,728	9 %	18,445	17,542	5 %
Operating income	$ 1,168	$ 1,118	4 %	$ 3,300	$ 2,593	27 %
Operating margin	16 %	16 %	**	15 %	13 %	**
Other income (expense), net	$ 73	$ 460	(84)%	$ 318	$ (337)	194 %
Income tax expense	221	248	(11)%	774	758	2 %
Effective tax rate	18 %	16 %	**	21 %	34 %	**
Net income (loss)	$ 1,020	$ 1,330	(23)%	$ 2,844	$ 1,498	90 %
Net income (loss) per diluted share	$ 0.93	$ 1.15	(19)%	$ 2.55	$ 1.29	98 %
Net cash provided by operating activities[(1)]	$ 1,259	$ 1,755	(28)%	$ 2,229	$ 4,222	(47)%

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.

[(1)] Prior period amounts have been revised to conform to the current period presentation. Refer to "Note 1—Overview and Summary of Significant Accounting Policies" to our condensed consolidated financial statements included in this Form 10-Q for additional information.

** Not meaningful.

THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

Net revenues increased $572 million, or 8%, in the three months ended September 30, 2023 compared to the same period of the prior year driven primarily by growth in total payment volume ("TPV", as defined below under "Key Metrics") of 15%.

Total operating expenses increased $522 million, or 9%, in the three months ended September 30, 2023 compared to the same period of the prior year due primarily to an increase in transaction expense, partially offset by reductions in sales and marketing expense.

Operating income increased by $50 million, or 4%, in the three months ended September 30, 2023 compared to the same period of the prior year. Our operating margin was 16% in the three months ended September 30, 2023 and 2022 reflecting the negative impact of an increase in transaction expense, offset by the positive impact of operating efficiencies in our business.

Net income decreased $310 million, or 23% in the three months ended September 30, 2023 compared to the same period of the prior year due primarily to a decrease in other income (expense), net of $387 million driven primarily by lower net gains on strategic investments in the current period.

NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

Net revenues increased $1.6 billion, or 8%, in the nine months ended September 30, 2023 compared to the same period of the prior year driven primarily by growth in TPV of 12%.

Total operating expenses increased $903 million, or 5%, in the nine months ended September 30, 2023 compared to the same period of the prior year due primarily to an increase in transaction expense, partially offset by reductions in sales and marketing expense, and technology and development expense.

Operating income increased $707 million, or 27%, in the nine months ended September 30, 2023 compared to the same period of the prior year due to net revenues growing faster than operating expenses. Our operating margin was 15% and 13% in the nine months ended September 30, 2023 and 2022, respectively, reflecting the positive impact of operating efficiencies in our business, partially offset by the negative impact of an increase in transaction expense.

Net income increased $1.3 billion, or 90%, in the nine months ended September 30, 2023 compared to the same period of the prior year due to the previously discussed increase in operating income of $707 million and an increase of $655 million in other income (expense), net driven primarily by net gains on strategic investments in the current period as compared to net losses in the prior period as well as higher interest income from an increase in interest rates.

IMPACT OF FOREIGN CURRENCY EXCHANGE RATES

We have significant international operations that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, subjecting us to foreign currency 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 43% and 42% of our net revenues from customers domiciled outside of the U.S. in the three and nine months ended September 30, 2023, respectively, as compared to 42% and 43% in the three and nine months ended September 30, 2022, 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 2022 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 currency exchange movements on our business using prior period foreign currency exchange rates applied to current period transactional currency amounts. While changes in foreign currency exchange rates affect our reported results, we have a foreign currency exchange exposure management program in which we use foreign currency exchange contracts, designated as cash flow hedges, intended to reduce the impact on earnings from foreign currency exchange rate movements. Gains and losses from these foreign currency 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 nine months ended September 30, 2023, year-over-year foreign currency exchange rate movements relative to the U.S. dollar had the following impact on our reported results:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	(In millions)	
Favorable impact to net revenues (exclusive of hedging impact)	$ 141	$ 8
Hedging impact	7	117
Favorable impact to net revenues	148	125
(Unfavorable) favorable impact to operating expense	(57)	28
Net favorable impact to operating income	$ 91	$ 153

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

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

Given that we also have foreign currency exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries, we have an additional foreign currency exchange exposure management program in which we use foreign currency exchange contracts to help offset the impact of foreign currency exchange rate movements on our assets and liabilities. The foreign currency 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 currency exchange contracts. These foreign currency exchange contracts reduce, but do not entirely eliminate, the impact of foreign currency exchange rate movements on our assets and liabilities.

Additionally, in connection with transactions occurring in multiple currencies on our payments platform, we generally set our foreign currency exchange rates daily and may face financial exposure if we incorrectly set our foreign currency exchange rates or as a result of fluctuations in foreign currency exchange rates between the times that we set our foreign currency exchange rates and when transactions occur.

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

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

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

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

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

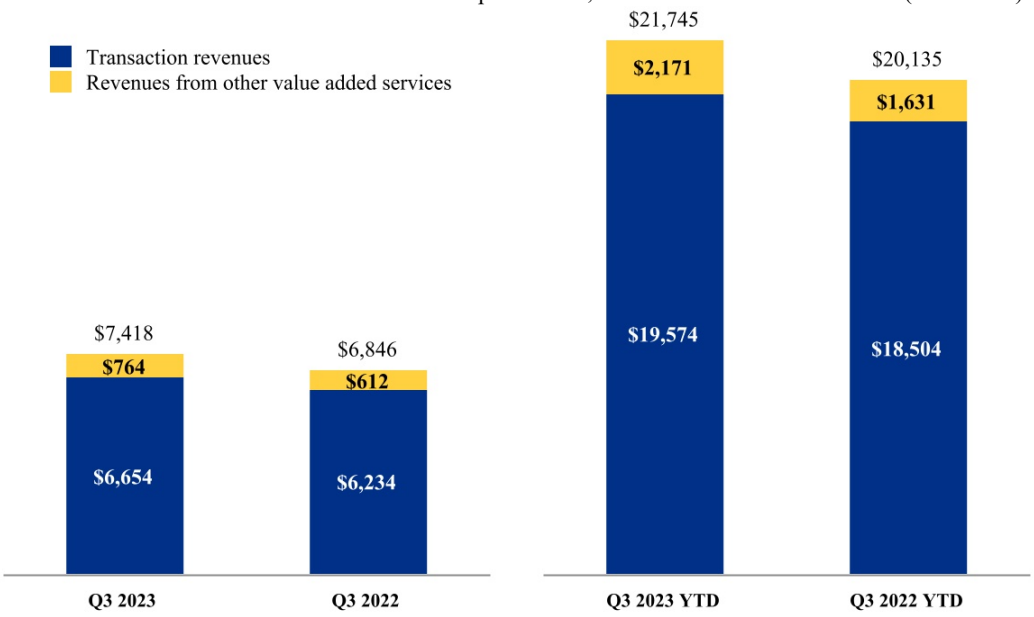
Our revenues are classified into the following two categories:

- *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 earn additional fees from merchants and consumers: on transactions where we perform currency conversion, when we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their bank account or debit card, to facilitate the purchase and sale of cryptocurrencies, as contractual compensation from sellers that violate our contractual terms (for example, through fraud or counterfeiting), and other miscellaneous fees.

- *Revenues from other value added services*: Net revenues derived primarily from revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services we provide to our merchants and consumers. 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

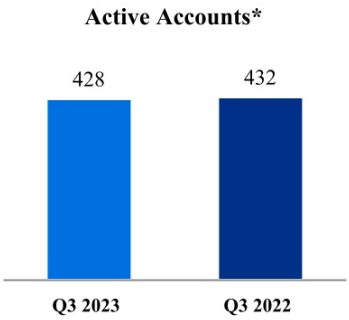
The components of our net revenues for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



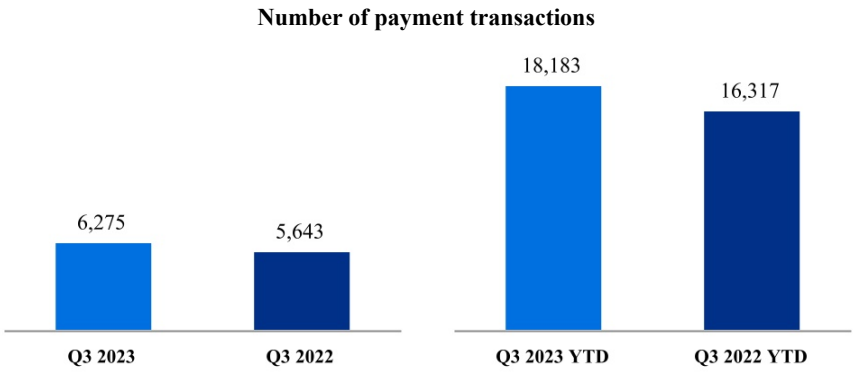
Transaction revenues

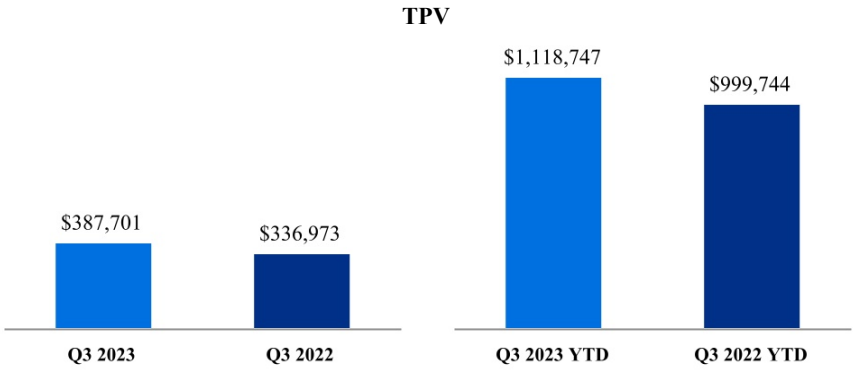
Transaction revenues grew by $420 million, or 7%, and $1.1 billion, or 6%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year driven primarily by growth in TPV and the number of payment transactions from our Braintree products and services partially offset by a decline in revenues from our core PayPal products and services, including declines in contractual compensation for the three and nine months ended September 30, 2023, of $76 million and $181 million, respectively, from sellers that violated our contractual terms predominantly in international markets. Transaction revenues for the three and nine months ended September 30, 2023 were also impacted unfavorably by lower net gains due to hedging activities as compared to the same periods of the prior year.

The graphs below present the respective key metrics (in millions) for the three and nine months ended September 30, 2023 and 2022:



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





The following table provides a summary of related metrics:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2023	2022		2023	2022	
Number of payment transactions per active account	56.6	50.1	13 %	56.6	50.1	13 %
Percent of cross-border TPV	12 %	13 %	**	12 %	13 %	**

** Not meaningful

We had active accounts of 428 million and 432 million as of September 30, 2023 and 2022, respectively, a decline of 1%. Our total number of payment transactions was 6.3 billion and 5.6 billion for the three months ended September 30, 2023 and 2022, respectively, an increase of 11%. Our total number of payment transactions was 18.2 billion for the nine months ended September 30, 2023, compared to 16.3 billion in the nine months ended September 30, 2022, an increase of 11%. TPV was $388 billion and $337 billion for the three months ended September 30, 2023 and 2022, respectively, an increase of 15%. TPV was $1.1 trillion for the nine months ended September 30, 2023 compared to $1.0 trillion in the nine months ended September 30, 2022, an increase of 12%.

Transaction revenues grew more slowly than growth in TPV and the number of payment transactions in the three and nine months ended September 30, 2023 compared to the same periods in the prior year due primarily to an unfavorable impact from hedging and a decline in revenues from core PayPal products.

Revenues from other value added services

Revenues from other value added services increased $152 million, or 25%, and $540 million, or 33%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily attributable to increases in interest earned on certain assets underlying customer account balances resulting from higher interest rates, and to a lesser extent, interest and fee revenue on our loans receivable portfolio driven by consumer interest-bearing installment loans and consumer revolving loans.

OPERATING EXPENSES

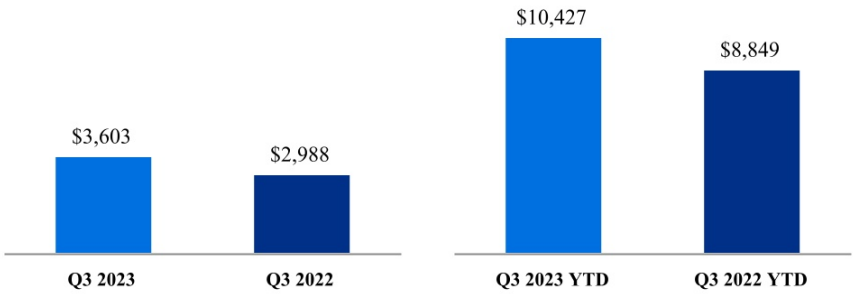
The following table summarizes our operating expenses and related metrics we use to assess the trends in each:

	Three Months Ended September 30,		Percent Increase/(Decrease)	Nine Months Ended September 30,		Percent Increase/(Decrease)
	2023	2022		2023	2022	
	(In millions, except percentages)					
Transaction expense	$ 3,603	$ 2,988	21 %	$ 10,427	$ 8,849	18 %
Transaction and credit losses	446	367	22 %	1,286	1,184	9 %
Customer support and operations	474	509	(7)%	1,454	1,579	(8)%
Sales and marketing	442	544	(19)%	1,343	1,733	(23)%
Technology and development	739	801	(8)%	2,203	2,431	(9)%
General and administrative	507	463	10 %	1,505	1,584	(5)%
Restructuring and other charges	39	56	(30)%	227	182	25 %
Total operating expenses	$ 6,250	$ 5,728	9 %	$ 18,445	$ 17,542	5 %
Transaction expense rate[(1)]	0.93 %	0.89 %	**	0.93 %	0.89 %	**
Transaction and credit loss rate[(2)]	0.12 %	0.11 %	**	0.11 %	0.12 %	**

[(1)] Transaction expense rate is calculated by dividing transaction expense by TPV.
[(2)] Transaction and credit loss rate is calculated by dividing transaction and credit losses by TPV.
** Not meaningful.

Transaction expense

Transaction expense for the three and nine months ended September 30, 2023 and 2022 was as follows (in millions):

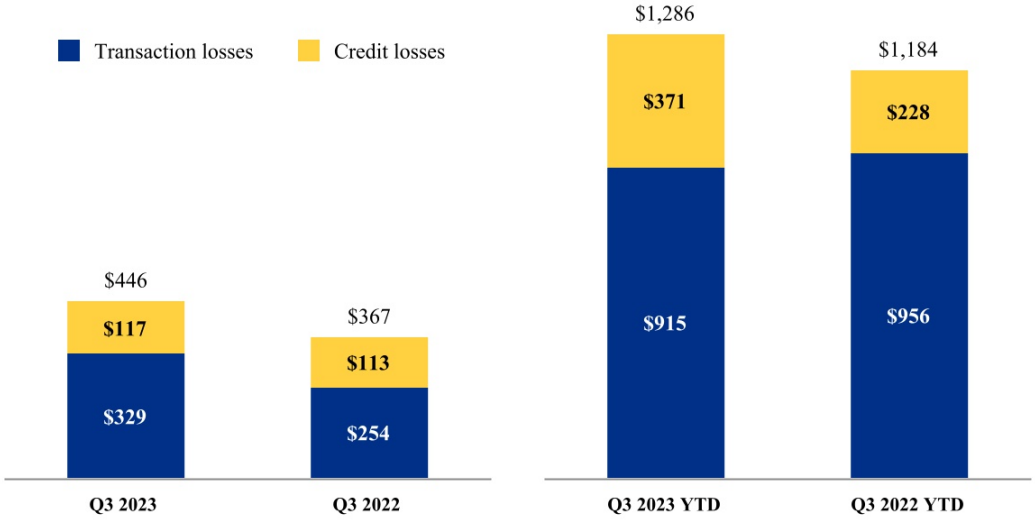


Transaction expense increased by $615 million, or 21%, and $1.6 billion, or 18%, in the three and nine months ended September 30, 2023, respectively, due primarily to the increase in TPV of 15% and 12% for the three and nine months ended September 30, 2023, respectively, as well as unfavorable changes in product mix. The increase in the transaction expense rate for the three and nine months ended September 30, 2023 compared to the same periods of the prior year was also attributable to unfavorable changes in product mix with a higher proportion of TPV from unbranded card processing volume, which generally has higher expense rates than other products and services, partially offset by favorable changes in regional mix with respect to our core PayPal products. For the three and nine months ended September 30, 2023, approximately 37% and 36% of TPV, respectively, was generated outside of the U.S. For the three and nine months ended September 30, 2022, approximately 34% and 35% of TPV, respectively, was generated outside of the U.S.

Our transaction expense rate is impacted by changes in product mix, merchant mix, regional mix, funding mix, and fees paid to payment processors and other financial institutions. 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.

Transaction and credit losses

The components of our transaction and credit losses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



Transaction and credit losses increased by $79 million, or 22%, and $102 million, or 9%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year.

Transaction losses were $329 million in the three months ended September 30, 2023 compared to $254 million in the three months ended September 30, 2022, an increase of $75 million, or 30%. Transaction losses were $915 million in the nine months ended September 30, 2023 compared to $956 million in the nine months ended September 30, 2022, a decrease of $41 million, or 4%. Transaction loss rate (transaction losses divided by TPV) was 0.08% for both the three and nine months ended September 30, 2023, compared to 0.08% and 0.10% for the three and nine months ended September 30, 2022, respectively. The increase in transaction losses in the three months ended September 30, 2023 compared to the same period of the prior year was due to an increase in losses related to our core PayPal products and services driven by fraud schemes. The decrease in transaction losses in the nine months ended September 30, 2023 compared to the same period of the prior year was primarily due to a $114 million loss related to an ongoing merchant insolvency proceeding in the nine months ended September 30, 2022 with no activity of comparable individual magnitude in the current period and benefits from continued risk mitigation strategies in the current period, partially offset by lower recoveries compared to the same period of the prior year.

Credit losses increased by $4 million and $143 million in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year. The components of credit losses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023[3]	2022
Net charge-offs[1]	$ 163	$ 69	$ 407	$ 181
Reserve build (release)[2]	(46)	44	(36)	47
Credit losses	$ 117	$ 113	$ 371	$ 228

[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.
[3] Includes the reversal of allowance associated with the reclassification of certain loans to held for sale.

The provision in the three and nine months ended September 30, 2023 was attributable to loan originations during the period and a deterioration in the credit quality of loans outstanding. The provision in the nine months ended September 30, 2023 was partially offset by reversal of reserves associated with the reclassification of certain receivables to held for sale. The provision in the three and nine months ended September 30, 2022 was attributable to loan originations in that period. During the periods presented, allowances for our merchant and consumer portfolios included qualitative adjustments that took into account uncertainty with respect to macroeconomic conditions and around the financial health of our borrowers, including the effectiveness of loan modification programs made available to merchants.

Consumer loan portfolio

As of September 30, 2023, loans and interest receivable, held for sale was $2.2 billion. Loans and interest receivable, held for sale, represents the portion of our installment consumer receivables that we intend to sell. This portfolio includes the substantial majority of the U.K. and other European buy now, pay later loan receivables. In June 2023, we entered into a multi-year agreement with a global investment firm to sell up to €40 billion of U.K. and other European buy now, pay later loan receivables, consisting of eligible loans and interest receivable, held for sale at the closing of the transaction and a forward-flow arrangement for the sale of future originations of eligible loans over a 24-month commitment period (collectively, “eligible consumer installment receivables”). At the time of reclassification, previously recorded allowance for credit losses for loans and interest receivable outstanding was reversed, resulting in a decrease of approximately $33 million in transaction and credit losses in our condensed consolidated statement of income (loss). See “Note 1—Overview and Summary of Significant Accounting Policies” and “Note 18—Subsequent Events” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information.

The consumer loans and interest receivable balance, net of participation interest sold, as of September 30, 2023 and 2022 was $4.2 billion and $4.4 billion, respectively, representing a decrease of 5%. The decrease was driven by the reclassification of eligible consumer installment receivables as held for sale in the U.K and other European countries, as discussed above, partially offset by the expansion of our revolving credit product in the U.K. and our installment credit products in Japan and the U.S.

Approximately 36% and 41% of our consumer loans receivable outstanding (including loans held for sale and loans held for investment) as of September 30, 2023 and 2022, respectively, were due from consumers in the U.K. The decrease in the percentage of consumer loans receivable outstanding in the U.K. at September 30, 2023 compared to September 30, 2022 was primarily due to overall growth of installment credit products in other markets.

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

	September 30,	
	2023	2022
Percent of consumer loans and interest receivable current[1]	95.4 %	96.3 %
Percent of consumer loans and interest receivable > 90 days outstanding[1], [2]	2.0 %	1.8 %
Net charge-off rate[1], [3]	7.6 %	4.8 %

[1] Amounts as of September 30, 2023 exclude loans and interest receivable, held for sale.
[2] Represents percentage of balances which are 90 days past the billing date or contractual repayment date, as applicable.
[3] Net charge-off rate is the annual ratio of net credit losses, excluding fraud losses, on consumer loans as a percentage of the average daily amount of consumer loans and interest receivable balance during the period.

The increase in net charge-off rate for consumer loans and interest receivable at September 30, 2023 as compared to September 30, 2022 was primarily due to the reclassification of certain receivables to held for sale, as discussed above.

We continue to evaluate and modify our acceptable risk parameters related to our consumer loan portfolio in response to the changing macroeconomic environment. In response to declining performance, a number of risk mitigation strategies were implemented in the third quarter of 2023, which resulted in reduced originations for our U.S. interest-bearing installment product. We expect to maintain reduced originations through the remainder of 2023.

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, interest, and fees receivable outstanding, net of participation interest sold, as of September 30, 2023 and 2022 was $1.4 billion and $2.0 billion, respectively, a decrease of 30%, due to a decline in receivables outstanding related to our PayPal Business Loan ("PPBL") product in the U.S. Approximately 74% and 8% of our merchant receivables outstanding as of September 30, 2023 were due from merchants in the U.S. and U.K., respectively, as compared to 86% and 5%, respectively, as of September 30, 2022.

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

	September 30,	
	2023	2022
Percent of merchant loans, advances, and interest and fees receivable current	86.7 %	93.4 %
Percent of merchant loans, advances, and interest and fees receivable > 90 days outstanding[1]	6.6 %	2.5 %
Net charge-off rate[2]	20.4 %	3.6 %

[1] Represents percentage of balances which are 90 days past the original expected or contractual repayment period, as applicable.
[2] Net charge-off rate is the annual ratio of net credit losses, excluding fraud losses, on merchant loans and advances as a percentage of the average daily amount of merchant loans, advances, and interest and fees receivable balance during the period.

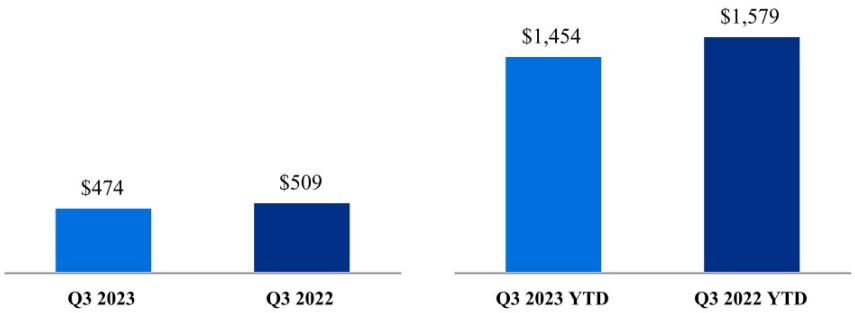
The decrease in the percent of current merchant receivables, increase in percent of merchant receivables greater than 90 days outstanding, and increase in the net charge-off rate for merchant receivables at September 30, 2023 as compared to September 30, 2022 were primarily due to the expansion of acceptable risk parameters in 2022, which resulted in a decline in the overall credit quality of loans outstanding related to our PPBL product. The significant decline in the merchant receivable portfolio year over year due to repayments and reduced originations also resulted in higher delinquency and charge-off rates as a percentage of outstanding loan balance as of September 30, 2023. The net charge-off rate is expected to remain elevated in the fourth quarter of 2023 due to reduced new originations of merchant loans and advances.

We continue to evaluate and modify our acceptable risk parameters related to our merchant loan portfolio in response to the changing macroeconomic environment. In response to declining performance, a number of risk mitigation strategies were implemented throughout 2023, which resulted in reduced originations for our PPBL product. We expect to maintain reduced originations through the remainder of 2023.

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

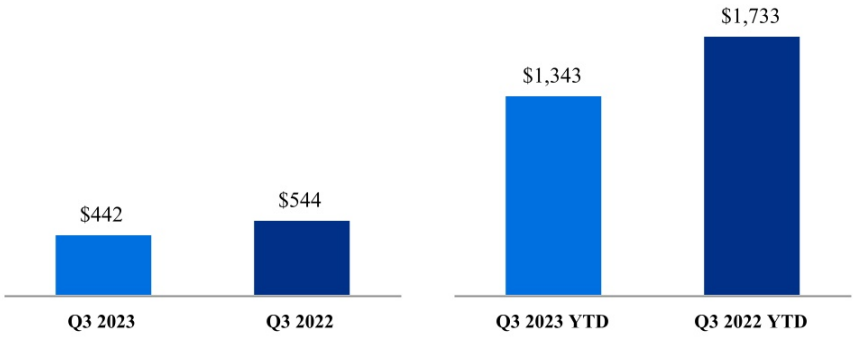
Customer support and operations expenses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



Customer support and operations expenses decreased by $35 million, or 7%, and $125 million, or 8%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year due primarily to a decline in employee-related costs, contractors and consulting costs, and customer onboarding and compliance costs.

Sales and marketing

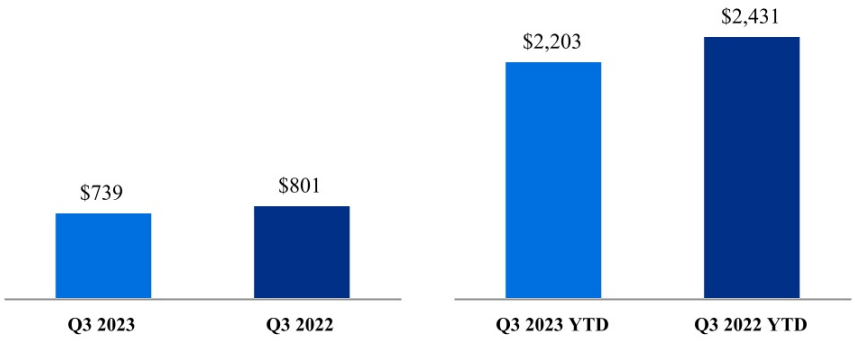
Sales and marketing expenses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



Sales and marketing expenses decreased by $102 million, or 19%, and $390 million, or 23%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year due primarily to lower spending on targeted user incentives and marketing campaigns and, to a lesser extent, a decline in amortization of acquired intangibles. The decline in sales and marketing expenses in the three months ended September 30, 2023 was partially offset by an increase employee-related costs.

Technology and development

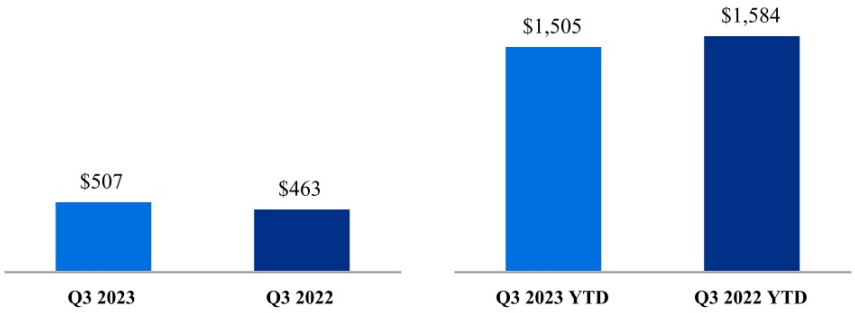
Technology and development expenses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



Technology and development expenses decreased by $62 million, or 8%, and $228 million, or 9%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year due primarily to lower intangible amortization and a decline in costs related to contractors and consultants.

General and administrative

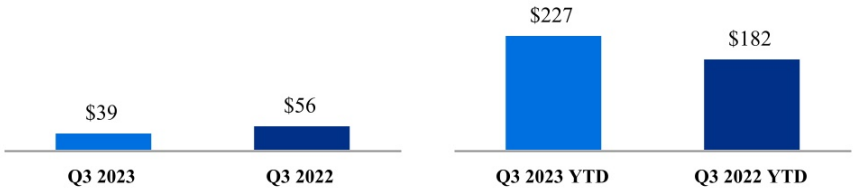
General and administrative expenses for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



General and administrative expenses increased by $44 million, or 10%, and decreased by $79 million, or 5%, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year. The increase in general and administrative expenses in the three months ended September 30, 2023 was due primarily to an increase in employee-related expenses driven by higher stock-based compensation expense, partially offset by a decline in depreciation expense. The decline in general and administrative expenses in the nine months ended September 30, 2023 was primarily attributable to a decline in employee-related expenses driven by lower headcount, depreciation expense, and a decrease in professional services expenses.

Restructuring and other charges

Restructuring and other charges for the three and nine months ended September 30, 2023 and 2022 were as follows (in millions):



Restructuring and other charges decreased by $17 million and increased by $45 million, in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year.

During the first quarter of 2023, management initiated a global workforce reduction intended to focus resources on core strategic priorities, and improve our cost structure and operating efficiency. The associated restructuring charges during the three and nine months ended September 30, 2023 were $3 million and $120 million, respectively. We primarily incurred employee severance and benefits costs, substantially all of which have been accrued for as of March 31, 2023. The estimated reduction in annualized employee-related costs associated with the impacted workforce was approximately $280 million, including approximately $85 million in stock-based compensation. We expect to reinvest a portion of the reduction in annual costs associated with the impacted workforce to drive business priorities.

During the first quarter of 2022, management initiated a strategic reduction of the existing global workforce intended to streamline and optimize our global operations to enhance operating efficiency. This effort focused on reducing redundant operations and simplifying our organizational structure. The associated restructuring charges during the three and nine months ended September 30, 2022 was $23 million and $114 million, respectively. We primarily incurred employee severance and benefits costs, as well as associated consulting costs. The strategic actions associated with this plan were substantially completed by the fourth quarter of 2022.

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

Additionally, we are continuing to review our real estate and facility capacity requirements due to our new and evolving work models. We incurred asset impairment charges of $15 million and $58 million in the three and nine months ended September 30, 2023, respectively, and $29 million and $64 million in the three and nine months ended September 30, 2022, respectively, due to exiting certain leased properties, which resulted in a reduction of right-of-use lease assets and related leasehold improvements. In the nine months ended September 30, 2023, we recognized a gain of $17 million due to the sale of an owned property. We also incurred a loss of $12 million related to another owned property held for sale in the nine months ended September 30, 2023.

During the three and nine months ended September 30, 2023, approximately $15 million and $49 million, respectively, of losses were recorded in restructuring and other charges in order to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

Other income (expense), net

Other income (expense), net decreased $387 million and increased $655 million in the three and nine months ended September 30, 2023, respectively, compared to the same periods of the prior year. The decrease in the three months ended September 30, 2023 was due primarily to lower net gains on strategic investments in the current period compared to the prior period, partially offset by higher interest income resulting from an increase in interest rates. The increase in the nine months ended September 30, 2023 was driven primarily by net gains on strategic investments in the current period as compared to net losses in the prior period, higher interest income from an increase in interest rates, and foreign exchange gains in the current period compared to losses in the prior period due in part to actions taken in connection with our decision to suspend transactional services in Russia. These factors favorably impacting the nine months ended September 30, 2023 were partially offset by an increase in interest expense due to incremental expense from our May 2022 fixed rate debt.

Income tax expense

Our effective income tax rate was 18% and 16% for the three months ended September 30, 2023 and 2022, respectively, and 21% and 34% for the nine months ended September 30, 2023 and 2022, respectively. The increase in our effective income tax rate for the three months ended September 30, 2023 compared to the same period of the prior year was due primarily to a decrease in tax benefits associated with discrete tax adjustments. The decrease in our effective income tax rate for the nine months ended September 30, 2023 compared to the same period of the prior year was due primarily to higher tax expense in the prior year related to the intra-group transfer of intellectual property.

LIQUIDITY AND CAPITAL RESOURCES

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

SOURCES OF LIQUIDITY

Cash, cash equivalents, and investments

The following table summarizes our cash, cash equivalents, and investments as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(In millions)	
Cash, cash equivalents, and investments[(1),(2)]	$ 13,007	$ 13,723

(1) Excludes assets related to funds receivable and customer accounts of $34.6 billion and $36.3 billion at September 30, 2023 and December 31, 2022, respectively.
(2) Excludes total restricted cash of $6 million and $17 million at September 30, 2023 and December 31, 2022, respectively, and strategic investments of $2.4 billion and $2.1 billion as of September 30, 2023 and December 31, 2022, respectively.

Cash, cash equivalents, and investments held by our foreign subsidiaries were $7.7 billion at September 30, 2023 and $8.6 billion at December 31, 2022, or 59% and 62% of our total cash, cash equivalents, and investments as of those respective dates. At December 31, 2022, all of our cash, cash equivalents, and investments held by foreign subsidiaries were subject to U.S. taxation under Subpart F, Global Intangible Low Taxed Income 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, but 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:

	Nine Months Ended September 30,	
	2023	2022
	(In millions)	
Net cash provided by (used in):		
Operating activities[1]	$ 2,229	$ 4,222
Investing activities[1]	1,286	(3,289)
Financing activities[1]	(5,993)	(1,985)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(95)	(253)
Net decrease in cash, cash equivalents, and restricted cash	$ (2,573)	$ (1,305)

[1] Prior period amounts have been revised to conform to the current period presentation. Refer to "Note 1—Overview and Summary of Significant Accounting Policies" to our condensed consolidated financial statements included in this Form 10-Q for additional information.

Operating activities

The net cash provided by operating activities of $2.2 billion in the nine months ended September 30, 2023 was due primarily to operating income of $3.3 billion, as well as adjustments for non-cash expenses including provision for transaction and credit losses of $1.3 billion, stock-based compensation of $1.1 billion, and depreciation and amortization of $809 million. Cash flows from operating activities was also impacted by originations of loans receivable, held for sale of $5.7 billion, changes in other assets and liabilities of $834 million, primarily related to actual cash transaction losses incurred during the period, changes in deferred income taxes of $439 million, and net gains from our strategic investments of $205 million, partially offset by proceeds from repayments of loans receivable, originally classified as held for sale, of $3.7 billion.

The net cash provided by operating activities of $4.2 billion in the nine months ended September 30, 2022 was due primarily to operating income of $2.6 billion, as well as adjustments for non-cash expenses including provision for transaction and credit losses of $1.2 billion, depreciation and amortization of $991 million, and stock-based compensation of $967 million. Cash flows from operating activities was also impacted by net losses incurred on our strategic investments of $163 million, partially offset by changes in deferred income taxes of $538 million, and changes in other assets and liabilities of $522 million, primarily related to actual cash transaction losses during the period and an increase in other liabilities.

In the nine months ended September 30, 2023 and 2022, cash paid for income taxes, net was $1.1 billion and $666 million, respectively. The Internal Revenue Service disaster-area tax relief allows us to defer quarterly payments of 2023 federal estimated taxes to the fourth quarter of 2023. We expect to pay approximately $725 million related to this deferral in the fourth quarter of 2023.

Investing activities

The net cash provided by investing activities of $1.3 billion in the nine months ended September 30, 2023 was due primarily to proceeds from repayments of loans receivable, originally classified as held for investment, of $21.3 billion and maturities and sales of investments of $16.1 billion, partially offset by purchases and originations of loans receivable of $19.8 billion, purchases of investments of $15.0 billion, changes in funds receivable from customers of $1.0 billion, and purchases of property and equipment of $478 million.

The net cash used in investing activities of $3.3 billion in the nine months ended September 30, 2022 was due primarily to purchases and originations of loans receivable of $19.2 billion, purchases of investments of $16.5 billion, changes in funds receivable from customers of $1.1 billion, and purchases of property and equipment of $548 million. These cash outflows were partially offset by principal repayment of loans receivable of $17.2 billion and maturities and sales of investments of $16.8 billion.

Financing activities

The net cash used in financing activities of $6.0 billion in the nine months ended September 30, 2023 was due primarily to the repurchase of $4.4 billion of our common stock under our stock repurchase programs, changes in funds payable and amounts due to customers of $1.3 billion, repayments of borrowings under financing arrangements of $942 million (including principal repayment of fixed rate debt that matured in June 2023 and repayment of borrowings under our Paidy credit agreement), and tax withholdings related to net share settlement of equity awards of $225 million. These cash outflows were partially offset by borrowings under financing arrangements of $829 million, including proceeds from the issuance of fixed rate debt in June 2023 and borrowings under our Paidy credit agreement.

The net cash used in financing activities of $2.0 billion in the nine months ended September 30, 2022 was due primarily to the repurchase of $3.2 billion of our common stock under our stock repurchase program, repayment of borrowings under financing arrangements of $1.7 billion (including the repurchase and redemption of certain fixed rate notes and repayment of borrowings under a prior credit agreement), changes in funds payable and amounts due to customers of $659 million, and tax withholdings related to net share settlement of equity awards of $321 million. These cash outflows were partially offset by borrowings under financing arrangements of $3.3 billion (including proceeds from the issuance of fixed rate debt in May 2022 and borrowing under our Paidy credit agreements), and changes in collateral received related to derivative instruments, net of $437 million.

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

Foreign currency exchange rates for the nine months ended September 30, 2023 and 2022 had a negative impact of $95 million and $253 million, respectively, on cash, cash equivalents, and restricted cash. The negative impact on cash, cash equivalents, and restricted cash in the nine months ended September 30, 2023 was due primarily to the unfavorable impact of fluctuations in the exchange rate of the U.S. dollar to the Australian dollar, and to a lesser extent, the Chinese yuan and Japanese yen. The negative impact on cash, cash equivalents and restricted cash in the nine months ended September 30, 2022 was due primarily to the unfavorable impact of fluctuations in the exchange rate of the U.S. dollar to the Australian dollar, and to a lesser extent, the Euro, Swedish krona, and Japanese yen.

Available credit and debt

In June 2023, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of ¥90 billion (approximately $603 million as of September 30, 2023). 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 September 30, 2023, we had $10.6 billion in fixed rate debt outstanding with varying maturity dates.

In June 2023, we entered into a credit agreement (the "Credit Agreement") that provides for an unsecured $5.0 billion, five-year revolving credit facility and terminated the facility entered into in September 2019. The Credit Agreement includes a $150 million letter of credit sub-facility and a $600 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. As of September 30, 2023, no borrowings were outstanding under the Credit Agreement and as such, $5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing.

In February 2022, we entered into a credit agreement (the "Paidy Credit Agreement") with Paidy as co-borrower, which provided for an unsecured revolving credit facility of ¥60.0 billion, which was modified in September 2022 to increase the borrowing capacity by ¥30.0 billion for a total borrowing capacity of ¥90.0 billion (approximately $603 million as of September 30, 2023.) In June 2023, we repaid borrowings on the Paidy Credit Agreement using proceeds from the June 2023 debt issuance. As of September 30, 2023 and December 31, 2022, ¥16.0 billion (approximately $108 million) and ¥64.3 billion (approximately $491 million), respectively, was outstanding under the Paidy Credit Agreement. At September 30, 2023, ¥74.0 billion (approximately $495 million) of borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement, subject to customary conditions to borrowing.

Other than as described above, there were no significant changes to the available credit and debt disclosed in our 2022 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.

We have a cash pooling arrangement with a financial institution for cash management purposes. The arrangement allows for cash withdrawals from the financial institution based upon our aggregate operating cash balances held within the financial institution ("Aggregate Cash Deposits"). The arrangement also allows us to withdraw amounts exceeding the Aggregate Cash Deposits up to an agreed-upon limit. The net balance of the withdrawals and the Aggregate Cash Deposits are used by the financial institution as a basis for calculating our net interest expense or income under the arrangement. As of September 30, 2023, we had a total of $2.6 billion in cash withdrawals offsetting our $2.6 billion in Aggregate Cash Deposits held within the financial institution under the cash pooling arrangement.

Credit ratings

As of September 30, 2023, we continue to be rated investment grade by Standard and Poor's Financial Services, LLC, Fitch Ratings, Inc., and Moody's Investors Services, Inc. We expect that these credit rating agencies will continue to monitor our performance, including our capital structure and results of operations. Our goal is to be rated investment grade, but as circumstances change, there are factors that could result in our credit ratings being downgraded or put on a watch list for possible downgrading. If that were to occur, it could increase our borrowing rates, including the interest rate on borrowings under our credit agreements.

CURRENT AND FUTURE CASH REQUIREMENTS

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

Credit products

Growth in our portfolio of loan receivables 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.

In June 2018, the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF") agreed that PayPal's management may designate up to 35% of European customer balances held in our Luxembourg banking subsidiary to fund European and U.S. credit activities. In August 2022, the CSSF approved PayPal's management designating up to 50% of such balances to fund our credit activities through the end of February 2023. In February 2023, the CSSF agreed that PayPal's management may continue to designate up to 50% of European customer balances held in our Luxembourg banking subsidiary to fund European, U.K., and U.S. credit activities. As of December 31, 2022, the cumulative amount approved by management to be designated to fund credit activities aggregated to $3.8 billion. In the third quarter of 2023, an additional $250 million was approved to fund our credit activities. As of September 30, 2023, the cumulative amount approved by management to be designated to fund credit activities aggregated to $4.0 billion and represented approximately 43% of European customer balances made available for our corporate use at that date, as determined by applying financial regulations maintained by the CSSF. In October 2023, management approved a $1.0 billion reduction to the amount approved to fund credit activities, lowering the aggregate cumulative amount approved by management for this purpose to $3.0 billion. We may periodically seek to designate additional amounts of European customer balances for our credit activities, as we deem necessary, based on utilization of the approved funds and anticipated credit funding requirements. Under certain exceptional circumstances, corporate liquidity could be called upon to meet our obligations related to our European customer balances.

In June 2023, we entered into a multi-year agreement with a global investment firm to sell up to €40 billion of our eligible consumer installment receivables portfolio, including those receivables held on our balance sheet at closing of the transaction and a forward-flow arrangement for the sale of future originations. Following the closing of this transaction, which is expected to occur in the fourth quarter of 2023, the global investment firm will become the owner of the eligible consumer installment receivables and future eligible installment receivables originated over a 24-month commitment period, and we will no longer hold an ownership interest in these receivables. See "Note 1—Overview and Summary of Significant Accounting Policies" and "Note 18—Subsequent Events" 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 0.08% and 0.10% of TPV. Historical loss rates may not be indicative of future results.

Stock repurchases

During the nine months ended September 30, 2023, we repurchased approximately $4.4 billion of our common stock in the open market under our stock repurchase programs authorized in July 2018 and June 2022. As of September 30, 2023, a total of approximately $11.5 billion remained available for future repurchases of our common stock under our June 2022 stock repurchase program.

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 2022 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 currency exchange rates, and equity investment risk. Management establishes and oversees the implementation of policies governing our investing, funding, and foreign currency derivative activities intended to mitigate market risks. We monitor risk exposures on an ongoing basis.

INTEREST RATE RISK

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

As of September 30, 2023 and December 31, 2022, approximately 52% and 57%, respectively, of our total cash, cash equivalents, and investment portfolio (excluding restricted cash and strategic investments) was held in cash and cash equivalents. The remaining portfolio and assets underlying the customer balances that we hold on our 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. A hypothetical 100 basis points increase in interest rates would have resulted in a decrease in fair value of our cash equivalents and available-for-sale debt securities investment by approximately $128 million and $161 million at September 30, 2023 and December 31, 2022, respectively. Changes in the fair value of our available-for-sale debt securities resulting from such interest rate changes are reported as a component of accumulated other comprehensive income (“AOCI”) and are realized only if we sell the securities prior to their scheduled maturities or the declines in fair values are due to expected credit losses.

As of September 30, 2023 and December 31, 2022, we had $10.6 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 declining in periods of increasing interest rates.

As of September 30, 2023 and December 31, 2022, we also had revolving credit facilities of approximately $5.6 billion and $5.7 billion, respectively, 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 September 30, 2023 and December 31, 2022, ¥16.0 billion (approximately $108 million) and ¥64.3 billion (approximately $491 million), respectively, was outstanding under these facilities. A 100 basis points hypothetical adverse change in applicable market interest rates would not have resulted in a material impact to interest expense recorded in the period. For additional information, see “Note 12—Debt” in the notes to the condensed consolidated financial statements 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 CURRENCY EXCHANGE RATE RISK

We have significant operations internationally that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, which subject us to foreign currency exchange rate 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 currency 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 currency 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 exchange 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 currency exchange contracts. These foreign currency exchange contracts are accounted for as derivative instruments; for additional details related to our foreign currency exchange contracts, please see "Note 10—Derivative Instruments" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

We use foreign currency exchange forward contracts to protect our forecasted U.S. dollar-equivalent earnings and our investment in foreign subsidiaries from adverse changes in foreign currency exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign currency 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 (as applicable) 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 September 30, 2023 and December 31, 2022, the amount recorded in AOCI related to our foreign currency exchange forward contracts, before taxes, would have been approximately $566 million and $710 million lower, respectively, before considering the offsetting impact of the underlying hedged item.

We have an additional foreign currency exchange management program in which we use foreign currency exchange contracts to help offset the foreign currency 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 currency 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 currency exchange contracts.

Adverse changes in exchange rates of a hypothetical 10% for all foreign currencies would have resulted in a negative impact on income before income taxes of approximately $277 million and $173 million at September 30, 2023 and December 31, 2022, respectively, without considering the offsetting effect of foreign currency exchange contracts. Foreign currency exchange contracts in place as of September 30, 2023 would have positively impacted income before income taxes by approximately $255 million, resulting in a net negative impact of approximately $22 million. Foreign currency exchange contracts in place as of December 31, 2022 would have positively impacted income before income taxes by approximately $144 million, resulting in a net negative impact of approximately $29 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 September 30, 2023 and December 31, 2022, our strategic investments totaled $2.4 billion and $2.1 billion, which represented approximately 16% and 14% of our total cash, cash equivalents, and short-term and long-term investment portfolio at each of 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 fair value related to our investments in marketable equity securities and 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 September 30, 2023, which could be experienced in the near term, would have resulted in a decrease of approximately $239 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 investee.

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 September 30, 2023, 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, 2022 as filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") on February 10, 2023 ("2022 Form 10-K"), as updated by 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 2022 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.

CYBERSECURITY AND TECHNOLOGY RISKS

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

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

We believe that hostile actors, who may comprise individuals, coordinated groups, sophisticated organizations, or nation state supported entities may target PayPal due to our name, brand recognition, types of data (including sensitive payments- and identity-related data) that customers provide to us, and the widespread adoption and use of our products and services. We have experienced from time to time, and may experience in the future, breaches of our security measures due to human error, deception, malfeasance, insider threats, system errors, defects, vulnerabilities, or other irregularities. For example, in November 2017, we suspended the operations of TIO Networks ("TIO") (acquired in July 2017) as part of an investigation of security vulnerabilities of the TIO platform, and in December 2017, we announced that we had identified evidence of unauthorized access to TIO's network and the potential compromise of personally identifiable information for approximately 1.6 million TIO customers.

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

Under payment card network rules and our contracts with our payment processors, if there is a breach of payment card information stored by us or our direct payment card processing vendors, we could be liable to the payment card issuing banks, including for their cost of issuing new cards and related expenses. Cybersecurity breaches and other exploited security vulnerabilities could 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. While we maintain insurance policies intended to help offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by security breaches and other damage to or unavailability of our systems.

LEGAL, REGULATORY AND COMPLIANCE RISKS

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

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

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

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

Payments Regulation

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

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

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

In many of the other markets outside the U.S. in which we do business, we serve our customers through PayPal Pte. Ltd., our wholly-owned subsidiary based in Singapore. PayPal Pte. Ltd. is supervised by the Monetary Authority of Singapore ("MAS"). The Payment Services Act came into effect in Singapore in January 2020. As of July 1, 2023, PayPal Pte. Ltd. has been issued a Major Payment Institution license by the MAS to continue to provide payments services. In order to maintain this license, we are required to comply with applicable regulatory requirements, which will result in increased operational complexity and costs for our Singapore and international operations.

In many of the markets outside the U.S. (other than Singapore) served by PayPal Pte. Ltd. or by local branches or subsidiaries subject to local regulatory supervision or oversight, as the case may be, there may be uncertainty whether our Singapore-based service is subject only to Singapore law or also to other local laws, and whether such local laws might require a payment processor like us to be licensed as a payments service, bank, financial institution, or otherwise.

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

Cryptocurrency Regulation and Related Risks

Our customer cryptocurrency offerings could subject us to additional regulations, licensing requirements, or other obligations or liabilities. Within the U.S., we are regulated by the New York Department of Financial Services as a virtual currency business, which does not qualify us to engage in securities brokerage or dealing activities. The regulatory status of particular cryptocurrencies is unclear under existing law. For example, if the SEC were to assert that any of the cryptocurrencies we support are securities, the SEC could assert that our activities involving that cryptocurrency require securities broker-dealer registration or other obligations under the federal securities laws. The rapidly evolving regulatory landscape with respect to cryptocurrency may subject us to additional licensing and regulatory obligations or to inquiries or investigations from the SEC, other regulators and governmental authorities, and require us to make product changes, restrict or discontinue product offerings, implement additional and potentially costly controls, or take other actions.

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

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

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

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

In addition, our cryptocurrency product offerings could have the effect of heightening or exacerbating many of the risk factors described in this "Risk Factors" section.

Lending Regulation

We hold a number of U.S. state lending licenses for our U.S. consumer short-term installment loan product, which is subject to federal and state laws governing consumer credit and debt collection. While the consumer short-term installment loan products that we offer outside the U.S. are generally exempt from primary consumer credit legislation, certain consumer lending laws, consumer protection or banking transparency regulations continue to apply to these products. Increased global regulatory focus on short-term installment products and consumer credit more broadly could result in laws or regulations requiring changes to our policies, procedures, operations, and product offerings, and restrict or limit our ability to offer credit products, and we could be subject to additional compliance and licensure requirements, enforcement action, fines, and litigation if we are found to violate any aspects of applicable law or regulations.

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

We are regularly subject to claims, individual and class action lawsuits, arbitration proceedings, government and regulatory investigations, inquiries, actions or requests, and other proceedings alleging violations of laws, rules, and regulations with respect to competition, antitrust, intellectual property, privacy, data protection, information security, anti-money laundering, counter-terrorist financing, sanctions, anti-bribery, anti-corruption, consumer protection (including unfair, deceptive, or abusive acts or practices), the terms of our customer agreements, fraud, accessibility, securities, tax, labor and employment, commercial disputes, services, charitable fundraising, contract disputes, escheatment of unclaimed or abandoned property, product liability, use of our services for illegal purposes, the matters described in "Note 13—Commitments and Contingencies—Litigation and Regulatory Matters—General Matters" to our consolidated financial statements, and other matters. The number and significance of these disputes and inquiries is expected to continue to increase as our products, services, and business expand in complexity, scale, scope, and geographic reach, including through acquisitions of businesses and technology. Investigations and legal proceedings are inherently uncertain, expensive and disruptive to our operations, and could result in substantial judgments, fines, penalties or settlements, negative publicity, substantial diversion of management's time and effort, reputational harm, criminal sanctions, or orders that prevent or limit us from offering certain products or services; require us to change our business practices in costly ways, 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 any of 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.

BUSINESS AND OPERATIONS RISKS

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

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

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

We may also be subject to fines and other penalties assessed by networks resulting from any rule violations by us or our merchants. The networks set and interpret their rules and have alleged from time to time that various aspects of our business model violate these rules or our agreements with the networks. Such allegations may result in significant fines, penalties, damages, or other liabilities, adversely impact benefits to us under the agreements, or require changes in our business practices that may be costly and adversely affect our business, results of operations and financial condition. The network rules may also increase the cost of, impose restrictions on, or otherwise impact the development of, our products which may negatively affect product deployment and adoption. The networks could adopt new operating rules or interpret or re-interpret existing rules that we or our payment processors might find difficult or impractical to follow, or costly to implement, which could require us to make significant changes to our products, increase our operational costs, and negatively impact our business. If we become unable or limited in our ability to accept certain payment types such as debit or credit cards, our business would be materially and adversely affected.

Our credit products expose us to additional risks.

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

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

We are subject to the risk that account holders who use our credit products will default on their payment obligations. The non-payment rate among account holders may increase due to, among other factors, changes to underwriting standards, risk models not accurately predicting the creditworthiness of a user, worsening economic conditions, such as a recession or government austerity programs, increases in prevailing interest rates, and high unemployment rates. Account holders who miss payments often fail to repay their loans, and account holders who file for protection under the bankruptcy laws generally do not repay their loans. Any deterioration in the performance of loans facilitated through our platform or unexpected losses on such loans may increase the risk of potential charge-offs, increase our allowance for loans and interest receivable, negatively impact our revenue share arrangement with an independent chartered financial institution with respect to our U.S. consumer credit product, and materially and adversely affect our financial condition and results of operations.

We currently purchase receivables related to our U.S. PayPal-branded merchant financing offerings and certain U.S. consumer installment loan products and extend credit for our consumer and merchant products outside the U.S. through our international subsidiaries. In June 2023, we entered into a multi-year agreement to sell up to €40 billion of U.K. and European buy now, pay later ("BNPL") loan receivables originated by PayPal (Europe), consisting of the sale of a substantial majority of the U.K. and European BNPL loan portfolio held on PayPal (Europe)'s balance sheet at the closing of the transaction and a forward-flow arrangement for the sale of future originations of eligible loans. The closing of the transaction and the sale of future eligible receivables are subject to certain conditions. If these conditions are not satisfied or waived or if the parties are unable to fulfill their obligations under these arrangements, the sale of these receivables could be delayed and we may not realize the expected benefits of this arrangement.

From time to time, we may consider other third-party sources of funding (including asset sales, warehouse facilities, forward-flow arrangements, securitizations, partnerships or other funding structures) for our credit portfolio or other receivables. The availability of such third-party funding is subject to a number of factors, including economic conditions and interest rates, and there can be no assurance that any such funding arrangements can be obtained on favorable terms or at all. If we are unable to fund our credit products or the purchase of the receivables related to our credit products and offerings adequately or in a cost-effective manner, the growth of our credit products and our results of operations and financial condition could be materially and adversely impacted.

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

We expect that third parties will continue to attempt to abuse access to and misuse our payments services to commit fraud by, among other things, creating fictitious PayPal accounts using stolen or synthetic identities or personal information, making transactions with stolen financial instruments, abusing or misusing our services for financial gain, or fraudulently inducing users of our systems into engaging in fraudulent transactions. Due to the nature of PayPal's digital payments services, third parties may seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical transactions. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous improvement, and may not be effective in detecting and preventing fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures are not effective, our business could be negatively impacted. We also incur substantial losses from erroneous transactions and situations where funding instruments used for legitimate transactions are closed or have insufficient funds to satisfy 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. The Purchase Protection Program also protects consumers who do not receive the item ordered or who receive an item that is significantly different from its description. We incur substantial losses from our protection programs as a result of disputes filed by our customers. We seek to recover losses from our protection programs from the merchant, but may not be able to fully recover our losses (for example, if the merchant is unwilling or unable to pay, the transaction involves a fraudulent merchant, or the merchant provides sufficient evidence that the item was delivered).

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

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

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions such as turmoil affecting the banking system or financial markets, including, but not limited to, tightening in the credit markets, extreme volatility or distress in the financial markets (including the fixed income, credit, currency, equity, and commodity markets), higher unemployment, high consumer debt levels, recessionary or inflationary pressures, supply chain issues, reduced consumer confidence or economic activity, government fiscal, monetary and tax policies, U.S. and international trade relationships, agreements, treaties, tariffs and restrictive actions, the inability of a government to enact a budget in a fiscal year, government shutdowns, government austerity programs, and other negative financial news or macroeconomic developments could have a material adverse impact on the demand for our products and services, including a reduction in the volume and size of transactions on our payments platform. Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets or increased regulatory liquidity and capital requirements may strain our liquidity position. Such conditions may also expose us to fluctuations in foreign currency exchange rates or interest rates that could materially and adversely affect our financial results.

Brexit: The U.K.'s departure from the EU could harm our business, financial condition, and results of operations.

In connection with the departure of the U.K. from the EU and the EEA on January 31, 2020 (commonly referred to as "Brexit") and the expiration of the transition period on December 31, 2020, there continues to be legal and economic uncertainty over developments related to Brexit. PayPal has operated in the U.K. within the scope of its passport permissions pursuant to the Temporary Permissions Regime pending the grant of new authorizations by the U.K. Financial Conduct Authority ("FCA"). On October 31, 2023, PayPal's U.K. subsidiary received authorizations from the FCA as an electronic money institution and consumer credit firm, and registration as a cryptoasset business, subject to certain conditions that will require further implementation action by us. If we are unable to meet these requirements, our U.K. business and operations may be impacted and we may be subject to enforcement actions.

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

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

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

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

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

REPURCHASES OF EQUITY SECURITIES

In June 2022, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to $15 billion of our common stock, with no expiration from the date of authorization. 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 September 30, 2023 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 June 30, 2023				$ 12,900
July 1, 2023 through July 31, 2023	4.1	$ 71.17	4.1	12,610
August 1, 2023 through August 31, 2023	7.2	$ 60.96	7.2	12,171
September 1, 2023 through September 30, 2023	11.5	$ 61.42	11.5	11,466
Balance as of September 30, 2023	22.8		22.8	$ 11,466

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

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Date Filed	
3.1	PayPal Holdings, Inc. Amended and Restated Bylaws, effective September 27, 2023	8-K	10/2/2023	
10.01+	Letter agreement by and between PayPal Holdings, Inc. and Alex Chriss, dated August 10, 2023	8-K	8/14/2023	
10.02†	Receivables Purchase Agreement, dated as of June 16, 2023 in the form as amended and restated as of October 13, 2023 by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Seller and Receivables Manager), Alps Partners S.à r.l. (as Purchaser), BNY Mellon Corporate Trustee Services limited (as Security Agent), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	-	-	X
10.03†	Receivables Management Agreement, dated as of June 16, 2023 in the form as amended and restated as of October 13, 2023 by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Seller and Receivables Manager), Alps Partners S.à r.l. (as Purchaser), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	-	-	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 September 30, 2023, 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.
† Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

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: November 1, 2023

By: */s/ Alex Chriss*

Alex Chriss
President and Chief Executive Officer

Principal Financial Officer and Principal Accounting Officer:

Date: November 1, 2023

By: */s/ Gabrielle Rabinovitch*

Gabrielle Rabinovitch
Acting Chief Financial Officer and Senior Vice President, Investor Relations and Treasurer

In this Exhibit 10.2, the notation "[* * *]" identifies certain information that has been excluded because it is both not material and is the type that the registrant treats as private or confidential.

16 June 2023
(as amended and restated on 13 October 2023)

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Seller*

ALPS PARTNERS S.À R.L.
as *Purchaser*

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as *Security Agent*

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Receivables Manager*

AVEGA S.À R.L.
as *Back-Up Receivables Manager Facilitator*

ALPS PARTNERS (HOLDING) S.À R.L.
as *Class C Lender*

RECEIVABLES PURCHASE AGREEMENT

CONTENTS

CLAUSE PAGE

1. Definitions and Interpretation 5
2. Agreement for Sale and Purchase of the Receivables 7
3. Agreement for Sale and Purchase of the Back-Book Receivables 14
4. Conditions Precedent 14
5. Consideration 15
6. Asset Model 16
7. Completion 17
8. Notification of Sales 18
9. Representations, Loan Warranties, Repurchase and Anti-dilution Obligations 21
10. Information Undertakings 29
11. General Undertakings 29
12. Termination Events 32
13. Testing Phase 35
14. VDR Representation 36
15. Brexit Options 37
16. Deposit, Costs and Expenses 38
17. Reimbursements 40
18. Merger 41
19. No Agency or Partnership 41
20. Payments 41
21. VAT 41
22. Taxes 41
23. Withholdings and Set-off 42
24. Assignment and Secondary Sale of Receivables 43
25. Security Agent Provisions 43
26. Confidentiality 44
27. Data Protection 46
28. Entire Agreement 47
29. Amendments and Waivers 47
30. Further assurance 48
31. Notices 48
32. Bail-In 49
33. Third Party Rights 50
34. Severability 50
35. Counterparts and Spanish notarisation 50
36. Limited Recourse and Non-petition 50
37. Luxembourg Securitisation Act 52
38. Governing Law and Jurisdiction 52

Schedule 1 Initial Conditions Precedent 54
Part A Seller Initial Conditions Precedent 54
Part B Purchaser Initial Conditions Precedent 56
Schedule 2 Representations and Warranties 58
Part A Loan Warranties 58
Part B Seller Representations 59
Part C Purchaser Representations 62
Schedule 3 Sale and Settlement of Back-Book Receivables 65
Part A Agreement for Sale and Purchase of the Back-Book Receivables 65
Part B Consideration 67

Part C Completion 68
Part D Representations and Loan Warranties 69
Schedule 4 Standard Documentation 71
Schedule 5 Underwriting Policies 73
Schedule 6 Provisions relating to Sale of UK Receivables 74
Part A Prior to UK RM Accession Date 74
Part B From UK RM Accession Date 75
Schedule 7 Provisions relating to Sale of German Receivables 78
Schedule 8 Provisions relating to Sale of French Receivables 82
Schedule 9 Provisions relating to Spanish Law 84
Part A Provisions relating to Sale of Spanish Receivables 84
Part B Form of Purchaser Power of Attorney in respect of security (Spanish Law) 85
Schedule 10 Provisions relating to Sale of Italian Receivables 92
Schedule 11 Form of Notices 94
Part A Form of Sale Notice 94
Part B Form of Confirmation Notice 97
Part C Form of Further Disbursement Confirmation Notice 99
Schedule 12 Form of Seller Solvency Certificate 102
Schedule 13 Form of Purchaser Solvency Certificate 103
Schedule 14 Eligibility Criteria 104
Schedule 15 List of Eligible Products 106
Schedule 16 Concentration Limits 107
[* * *] 107
[* * *] (other than in respect of a Sale Notice Portfolio offered for sale on the first Sale Notice Date or [* * *] 107
[* * *] (and in respect of Sale Notice Portfolio offered for sale on the first Sale Notice Date) 109
Schedule 17 Ineligible Transferees 111
Schedule 18 Form of Repurchase Notice 114
Schedule 19 Additional Receivables Manager 116
Part A Additional Receivables Manager Conditions Precedent 116
Part B Additional Receivables Manager Representations 118
Part C Form of Receivables Manager Deed of Accession 121
Schedule 20 Additional Seller 126
Part A Additional Seller Conditions Precedent 126
Part B Additional Seller Representations 128
Part C Form of Seller Deed of Accession 131
Schedule 21 Form of Borrower Notice 137
Schedule 22 Definitions 144

THIS RECEIVABLES PURCHASE AGREEMENT (this ***Agreement***) was made on 16 June 2023 (and is amended and restated on 13 October 2023)

BETWEEN:

(1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Seller***);

(2) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***);

(3) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the ***Security Agent*** which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);

(4) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Receivables Manager***);

(5) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the ***Back-Up Receivables Manager Facilitator***); and

(6) **ALPS PARTNERS (HOLDING) S.À R.L.,** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the ***Class C Lender***),

each a ***Party*** and together the ***Parties***.

WHEREAS: The Seller has agreed to offer to sell and the Purchaser has agreed to accept the Seller's offer in respect of the Seller's whole right, title, interest and benefit in and to the Receivables and any Related Rights (without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event) for the consideration and upon the terms and subject to the conditions of this Agreement.

IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation

1.1 Capitalised terms used but not otherwise defined in this Agreement shall have the meanings given in Schedule 22 (*Definitions*), except so far as the context requires otherwise.

1.2 In this Agreement unless the context otherwise requires:

(a) references to a person include any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);

(b) references to a paragraph, Clause or Schedule shall refer to those of this Agreement unless stated otherwise;

(c) headings do not affect the interpretation of this Agreement;

(d) the singular shall include the plural and vice versa; and references to one gender include all genders;

(e) any reference in this Agreement to a time and/or day shall be to such time and/or day in (i) Central European Time in respect of the EU Receivables and (ii) Greenwich Mean Time in respect of the UK Receivables;

(f) subject to Clause 1.3, references to any English law legal term or concept shall, in respect of any jurisdiction other than England and Wales, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;

(g) any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

(h) [* * *]

(i) any indemnity or covenant to pay (for the purposes of this paragraph (i), a ***Payment Obligation***) being given on an "after-Tax basis" means that the amount payable pursuant to such Payment Obligation (for the purposes of this paragraph (i), the ***Payment***) shall be calculated in such a manner as will ensure that, after taking into account:

(i) any Tax required to be deducted or withheld from the Payment;

(ii) the amount and timing of any additional Tax which becomes payable by the recipient of the Payment as a result of the Payment being subject to Tax in the hands of the recipient; and

(iii) the amount and timing of any Tax benefit or Relief from Tax which is or will be obtained by the recipient of the Payment to the extent that such Tax benefit or Relief

is attributable to the matter giving rise to the Payment Obligation or to any Tax taken into account in sub-paragraphs (i) and (ii) above,

the recipient of the Payment is in the same Tax position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred.

1.3 Except as otherwise expressly provided in this Agreement, any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to (i) that enactment as amended, consolidated or re-enacted by or under any other enactment before or after the date of this Agreement; (ii) any enactment which that enactment re-enacts (with or without modification); and (iii) any subordinate legislation (including regulations) made (before or after the date of this Agreement) under that enactment, as amended, consolidated or re-enacted as described at (i) or (ii) above, except to the extent that any of the matters referred to in (i) to (iii) occurs after the date of this Agreement and increases or alters the liability of the Seller or the Purchaser under this Agreement.

1.4 The Schedules comprise schedules to this Agreement and form part of this Agreement.

1.5 Where there is any inconsistency between the definitions set out in Schedule 22 (*Definitions*) and the definitions set out in any Clause or any other Schedule, then, for the purposes of construing such Clause or Schedule, the definitions set out in such Clause or Schedule shall prevail.

1.6 Luxembourg terms

In this Agreement, where it relates to a person incorporated or having its "centre of main interests" (as that term issued in Article 3(1) of the Insolvency Regulation) in Luxembourg, a reference to:

(a) a winding-up, liquidation, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, court-ordered liquidation/dissolution (*liquidation/dissolution judiciaire*), administrative dissolution without liquidation (*dissolution administrative sans liquidation*), appointment of a provisional administrator (*administrateur provisoire*) or a recipient (*séquestre*), composition with creditors (*concordat préventif de la faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally (including without limitation any "insolvency proceedings" within the meaning of the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended);

(b) constitutional documents includes the up to date articles of association (*statuts*) or the articles of incorporation of that person, as appropriate;

(c) an agent includes, without limitation, a "*mandataire*";

(d) a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrator receiver, administrator or similar officer includes any:

(i) *juge-commissaire* or insolvency receiver (*curateur*) appointed under the Luxembourg Commercial Code;

(ii) *liquidateur* appointed under Articles 1100-1 to 1100-15 (inclusive) of the Luxembourg Companies Act;

(iii) *juge-commissaire* or *liquidateur* appointed under Article 1200-1 of the Luxembourg Companies Act;

(iv) *commissaire* appointed under the Grand-Ducal decree of 24 May 1935 on the controlled management regime or under Articles 593 to 614 (inclusive) of the Luxembourg Commercial Code; and

(v) *juge délégué* appointed under the Luxembourg act of 14 April 1886 on the composition to avoid bankruptcy, as amended;

(e) a manager or director includes a *gérant* or an *administrateur*; and

(f) a person being unable to pay its debts or admitting to pay its debts includes that person being in a state of cessation of payments (*cessation de paiements*) and having lost its commercial creditworthiness (*ébranlement de crédit*).

2. Agreement for Sale and Purchase of the Receivables

2.1 On the terms and subject to the conditions of this Agreement and provided that the requirements of Clause 4.1 have been satisfied by each of the Seller and the Purchaser, the Seller may offer to sell and assign to the Purchaser all of the right, title and interest (present or future) in, and to, Receivables (and their Related Rights) owned by it from time to time by delivering a Sale Notice to the Purchaser from time to time, and the Purchaser shall be obliged to accept each such offer, and to purchase and accept the assignment of all such right, title and interest, provided that the Purchase Conditions are satisfied as at the applicable Sale Notice Date or waived by the Purchaser and provided further that the Seller may only offer to sell and assign, and the Purchaser shall only be obliged to accept such offer in respect of [* * *]. No notice of any such sale and purchase shall be given to Borrowers save in the circumstances set out in Clause 8 (*Notification of Sales*).

2.1A. The Seller shall on each Sale Notice Date deliver to the Purchaser and the Class C Lender at or before the delivery of each Sale Notice (i) the daily report referred to in Clause 7.1A.(a) of the Receivables Management Agreement due on such date and (ii) the weekly report referred to in Clause 7.1A.(c) of the Receivables Management Agreement setting out Portfolio data as at close of business as recorded in the System on the last Business Day of the prior calendar week.

2.2 Up to but excluding the date specified in the Switch Notice (which the Seller is entitled to deliver pursuant to Clause 2.5), the Parties agree that the SND Title Transfer Option will apply to all sales of Receivables, save for any Further Disbursements (in relation to which, Clause 2.14 shall apply). Pursuant to the SND Title Transfer Option,

(a) delivery of each Sale Notice from the Seller to the Purchaser on the relevant Sale Notice Date constitutes confirmation by the Seller that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) is satisfied on the relevant Sale Notice Date in respect of

the Receivables set out in such Sale Notice as such Receivables may be updated and amended by the related Confirmation Notice;

(b) on the terms and subject to the conditions of this Agreement, the Seller hereby agrees to sell and the Purchaser hereby agrees to purchase and accept the purchase of the Receivables specified in such Sale Notice upon delivery of each such Sale Notice, (it being agreed by the Parties that out of such Receivables set out in a Sale Notice, the Purchaser will acquire only those Receivables subsequently specified in the related Confirmation Notice determined in accordance with Clause 2.3);

(c) all right, title and interest in and to each Receivable specified in such Sale Notice (as the same is updated and amended by the related Confirmation Notice) shall be transferred, together with all Related Rights in relation to such Receivable, from the Seller to the Purchaser at the relevant Sale Time for such Receivable;

(d) the Seller shall deliver a Confirmation Notice to the Purchaser no later than two Business Days following the latest Sale Time for such Receivables specified in the relevant Sale Notice; and

(e) payment of the Purchase Price for those Receivables identified in the Confirmation Notice shall be made by the Purchaser to the Seller on the related Payment Date.

2.3 Pursuant to the SND Title Transfer Option, the Purchaser agrees that (i) the Seller will modify the list of Receivables specified in a Sale Notice so as to amend the balance of the Receivables specified to reflect the balance in the System as at the applicable Sale Time or to remove from a list those Receivables in relation to which one or more of the Purchase Conditions were no longer satisfied as at the Sale Time in respect of the relevant Receivables, and (ii) the final list of Receivables transferred to the Purchaser at the Sale Time shall be evidenced by the Confirmation Notice delivered by the Seller no later than [* * *] Business Days following the latest Sale Time for the Receivables specified in the relevant Sale Notice. For the avoidance of doubt, the Seller shall not be permitted to add new Receivables to the Confirmation Notice which were not previously included in the related Sale Notice.

2.4 With effect from the date specified in the Switch Notice, the Parties agree and acknowledge that the Settlement Date Title Transfer Option will apply to all further sales of Receivables, save for any Further Disbursements (in relation to which, Clause 2.14 shall apply). Pursuant to the Settlement Date Title Transfer Option,

(a) delivery of each Sale Notice from the Seller to the Purchaser constitutes confirmation by the Seller that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) is satisfied on the relevant Sale Notice Date in respect of the Receivables set out in such Sale Notice;

(b) on the terms and subject to the conditions of this Agreement, the Seller hereby agrees to sell and the Purchaser hereby agrees to purchase and accept the purchase of the Receivables specified in a Sale Notice on the applicable Payment Date; and

(c) all right, title and interest in and to each Receivable, together with all Related Rights in relation to such Receivable, to be sold by the Seller to the Purchaser will be transferred to the Purchaser immediately upon receipt by the Seller of the applicable Purchase Price in full (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Purchase Price).

2.5 The Seller shall deliver the Switch Notice to the Purchaser at least [* * *] days prior to the Sale Notice Date on which the Seller wishes the Settlement Date Title Transfer Option to apply to all future sales of Receivables (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)) to the Purchaser.

2.6 At the Sale Time in respect of a Receivable set out in a Sale Notice (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)), the Purchaser's acceptance to purchase such Receivable is conditional on all of the following conditions (the ***Purchase Conditions***) being satisfied or waived by the Purchaser in relation to such Receivable:

(a) the relevant Sale Notice Date is within the Commitment Period;

(b) the Repeating Representations are true in all respects as at the Sale Notice Date and will be true in all respects as at the Title Transfer Date (in respect of the Settlement Date Title Transfer Option);

(c) the Seller is not in material breach of its obligations under this Agreement as at the Sale Notice Date and (in respect of the Settlement Date Title Transfer Option) will not be in material breach of its obligations under this Agreement as at the Title Transfer Date, in each case which (in the case only of a material breach caused by an error or omission of an administrative, personnel, system, technical or operational nature) has not been remedied within ten Business Days;

(d) in relation to Receivables to be added to the Portfolio (i) which are specified in a Sale Notice other than in respect of Receivables which are specified in a Sale Notice [* * *], the Concentration Limits in respect of the portfolio of those Receivables set out in such Sale Notice (each a ***Sale Notice Portfolio***) and the Portfolio (taking into account the addition of the Sale Notice Portfolio) are satisfied as at the relevant Sale Notice Date applicable to such Receivables and (ii) which are specified in a Sale Notice [* * *], the concentration limits set out in Part A of Schedule 16 (*Concentration Limits*) and in paragraphs 7 and 8 of Part C of Schedule 16 (*Concentration Limits*) in respect of the Sale Notice Portfolio are satisfied [* * *];

(e) in relation to Receivables to be added to the Portfolio which are specified in a Sale Notice, the aggregate of:

(i) in respect of Receivables arising from Loan Agreements which are fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller

as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables; and

(ii) in respect of Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables,

is less than or equal to the Available Commitment as at the Sale Notice Date;

(f) the Purchaser having funds available to it for the payment of the Purchase Price in accordance with the Transaction Documents on the Payment Date when payment of such Purchase Price is due;

(g) the Receivable does not have a zero balance or an arrears balance immediately prior to its proposed Sale Time; and

(h) the Receivable is not flagged as involving confirmed fraudulent activity immediately prior to its proposed Sale Time.

2.7 At all times subject to the rights of the Seller to terminate the Commitment Period under Clause 12 (*Termination Events*) of this Agreement, prior to the date specified in the Switch Notice, if the Purchase Price payable by the Purchaser on a Payment Date is not paid in full by it within [* * *] Business Days of the relevant Confirmation Notice Date, the Seller shall be entitled, which the Purchaser expressly accepts, to unwind the transfer of the right, title and interest in and to the Receivables (save for any Further Disbursements, in relation to which, Clause 2.15 shall apply) in respect of which the Purchase Price has not been paid from the Purchaser to the Seller and the Purchaser acknowledges that no amount is payable by the Seller in connection with such transfer back to it of such right, title and interest in and to such Receivables (such retransfer to be effected by the Seller by delivering a notice to the Purchaser, with such retransfer to take effect and becoming effective between the Parties and, to the extent applicable under the law of the Relevant Jurisdiction, against third parties on the fifth Business Day after the relevant Confirmation Notice Date). If any Collections relating to the Receivables for which the Purchase Price has not been paid in full have been transferred by the Seller to the Purchaser between the Sale Time in respect of a Receivable and such Business Day, the Purchaser shall be obliged to return such Collections to the Seller, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Collections against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):

(a) any Collections otherwise due to be transferred to the Purchaser by the Seller; and/or

(b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

If the Purchase Price has been paid in part and the Seller unwinds the transfer, the Seller shall return such Purchase Price paid to the Purchaser, and to satisfy the amount so owed by the Seller to the Purchaser, the Purchaser shall be entitled to set-off the amount of such Purchase Price paid against any Collections due to be returned by the Purchaser to the Seller. For the avoidance of doubt, payment of the Purchase Price must not be paid in kind.

2.8 Subject to Clauses 2.7 and 9.18, the Purchaser will obtain the right to receive all Collections in connection with the Receivables set out in the applicable Sale Notice and transferred to the Purchaser pursuant to Clause 2.2(c) or Clause 2.4(c) (as applicable) from the applicable Cut-Off Time save to the extent and until such Receivable has been repurchased by the Seller or has been the subject of an indemnity payment by the Seller in each case in accordance with Clause 9. The Purchaser shall pay on the relevant Payment Date the Purchase Price for any Receivables (i) specified by the Seller in a Confirmation Notice pursuant to the SND Title Transfer Option or (ii) offered by the Seller through a delivery of a Sale Notice pursuant to the Settlement Date Title Transfer Option, in accordance with Clause 5.2.

2.9 The Seller agrees that, from and after the first Sale Notice Date during the Commitment Period:

(a) at any time when the Available Commitment is greater than Euro Equivalent [* * *], it will on each Sale Notice Date offer to sell all Eligible Receivables originated during the Commitment Period (and not previously sold to the Purchaser) to the Purchaser, in the amount necessary to enable the Available Commitment to be reduced to zero after giving effect to their purchase, or until all such offered Eligible Receivables are purchased by the Purchaser, whichever is the limiting condition provided that (i) the Seller shall not be required to make any offers to sell Receivables in the week commencing [* * *] and (ii) the Seller shall not be required to make an offer to sell a Receivable if the Purchase Price for such Receivable is calculated as zero or a negative amount; and

(b) at any time during the Commitment Period, it will not, and it will procure that none of its Affiliates shall, offer or agree to sell any Eligible Receivables to any party other than the Purchaser,

provided that at any time, the Seller and/or any of its Affiliates shall be entitled to sell any Receivable to any other party where either: (i) such Receivable cannot be sold to the Purchaser at the relevant time under this Clause 2 because at that time such Receivable did not satisfy the Eligibility Criteria and any applicable Eligibility Criteria have not been agreed to be waived by both the Purchaser and the Seller (except that the Seller and the Purchaser agree that paragraphs (9) and (10) of the Eligibility Criteria cannot be waived or otherwise amended); (ii) the Seller is not permitted to sell such Receivable at such time to the Purchaser as a result of the Purchase Condition set out in Clause 2.6(d) and the Seller has requested a waiver of the applicable Concentration Limit(s) and such Concentration Limit(s) have not been waived within 15 Business Days of such request; or (iii) subject to Clause 2.10, the relevant Receivable cannot be sold to the Purchaser at such time as a result of the Purchase Condition set out in Clause 2.6(e) not being satisfied.

2.10 [* * *]

2.11 [* * *]

2.12 It shall be a term of the sale of each of the Receivables and any Related Rights referred to in Clause 2.1 that the Seller shall sell and assign to the Purchaser all right, title, interest and benefit of the Seller (both present and future) in, to and under the relevant Receivables and any Related Rights (but without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event), including for the avoidance of doubt:

(a) all sums of principal, interest or any other sum payable under such Receivables on or after or in respect of any period on or after the relevant Cut-Off Time and the right to demand, sue for, recover, receive and give receipts for all such sums;

(b) the benefit of and the right to sue on all covenants and undertakings in favour of the Seller in each such Receivable and any Related Rights and the right to exercise all powers of the Seller in relation to each such Receivable and any Related Rights;

(c) all arrears payable under or in connection with the relevant Receivable; and

(d) all net proceeds (after any applicable costs and expenses that are agreed may be deducted in accordance with the terms of the Receivables Management Agreement) from the enforcement of the relevant Receivables and any Related Rights,

provided that (i) at no time prior to the provision of a Borrower Notice will identifiable Personal Data be transferred or otherwise made available to the Purchaser in respect of any Receivables or Borrowers thereunder; (ii) the benefit and/or the right to receive any interest accrued prior to the relevant Cut-Off Time shall not be transferred to the Purchaser in respect of any Receivables; and (iii) the benefit and/or the right to receive any NSF Fee applicable in respect of any Receivable shall not be transferred to the Purchaser.

2.13 The Parties confirm that each sale of Receivables and any Related Rights in accordance with this Agreement is:

(a) intended to constitute a true sale of those Receivables and Related Rights and not a loan or a security arrangement for any obligation of the Seller; and

(b) to the knowledge of the Seller, not a transaction at an undervalue, a gratuitous alienation, a fraudulent conveyance, a voidable or unfair preference or the equivalent thereof under the insolvency laws of any jurisdiction.

The Purchaser shall be free to further dispose of any Purchased Receivables and Related Rights subject to (i) the Security Interests created by, and any restrictions to which it is subject under, the Security Documents; (ii) Clause 24.3 of this Agreement; and (iii) any other Transaction Document, provided always that the Purchaser and any subsequent purchaser or transferee of the Purchased Receivables undertakes and agrees that notice of any sale and purchase will not be given to Borrowers prior to the occurrence of a Notification Event.

2.14 In respect of any Further Disbursement which is contemplated to be made in connection with any Loan Agreement in respect of which any Receivable is included in a Sale Notice before the end of the

Commitment Period, details of such Further Disbursement shall be included in the Sale Notice of the related Receivable. Upon any such Further Disbursement being advanced by the Seller, that Further Disbursement will be immediately sold and transferred to the Purchaser in accordance with the completion provisions set out in Clause 7.2 on the date on which such Further Disbursement is advanced by the Seller. Subject to Clause 2.16 and provided that the title to the Receivable to which such Further Disbursement relates has been transferred to the Purchaser, title to such Further Disbursement shall be transferred by the Seller to the Purchaser immediately upon such Further Disbursement being advanced by the Seller. The Seller shall deliver a Further Disbursement Confirmation Notice to the Purchaser no later than three Business Days after the applicable Sale Time evidencing the final amount of the Further Disbursement transferred to the Purchaser at such Sale Time.

2.15 If:

(a) pursuant to the SND Title Transfer Option, (x) the Purchase Price payable by the Purchaser on a Payment Date in respect of any Receivables specified in a Sale Notice is not paid in full by it within [* * *] Business Days of the relevant Confirmation Notice Date, and (y) the Seller has elected to effect an unwind of the transfer of the right, title and interest in and to the Receivables in respect of which the Purchase Price has not been paid pursuant to Clause 2.7; and

(b) in the period between the relevant Sale Notice Date and the [* * *] Business Day after the relevant Confirmation Notice Date, Further Disbursements in connection with such Receivables specified in the relevant Sale Notice have arisen, payment for which has been made by way of netting in accordance with Clause 7.2,

the Seller shall retransfer to the Purchaser an amount equal to any Purchase Price received in respect of such Further Disbursements. Title to such Further Disbursements shall be retransferred to the Seller (effected by the Seller delivering a notice to the Purchaser) on the date of delivery of such retransfer notice. To the extent any Collections relating to such Further Disbursements have been transferred by the Seller to the Purchaser during this period between the relevant Sale Notice Date and the date of delivery of the relevant retransfer notice, the Purchaser shall be obliged to return such Collections to the Seller, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Collections against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):

(c) any Purchase Price received in respect of such Further Disbursements due to be retransferred to the Purchaser by the Seller;

(d) any Collections otherwise due to be transferred to the Purchaser by the Seller; and/or

(e) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

2.16 If, pursuant to the Settlement Date Title Transfer Option, in the period between the date of delivery of a Sale Notice and the [* * *] Business Day after the relevant Sale Notice Date during which title for the relevant Receivables specified in such Sale Notice has not been transferred, Further Disbursements

related to such Receivables specified in the relevant Sale Notice have arisen, title to such Further Disbursements shall only transfer on the Settlement Date of the related Receivable included in such relevant Sale Notice.

2.17 Each Receivable (and its Related Rights) shall be sold subject to and in accordance with the terms and subject to the conditions of this Agreement and the Relevant Local Schedule for such Receivable. In the event of any conflict between the terms of this Agreement and the Relevant Local Schedule, the terms of the Relevant Local Schedule shall prevail.

2.17A. For the avoidance of doubt the provisions of this Clause 2 (and not the provisions of Schedule 3 (*Sale and Settlement of Back-Book Receivables*) shall apply to any offer to sell [* * *]. No later than [* * *] Business Days (or such shorter period as the Seller and the Class C Lender may agree) prior to the first [* * *], the Seller shall deliver to the Class C Lender an estimate of the aggregate size of the total portfolio of [* * *] to be offered for sale on [* * *] in EUR and GBP.

2.18 **Funding Availability**

(a) The Purchaser undertakes to deliver Utilisation Requests under the Class A Facility Agreement, the Class B Facility Agreement and the Class C Facility Agreement, and to take reasonable steps to satisfy any conditions precedent to utilisation set out therein which are within its control during the Commitment Period and to provide to the Seller such information as the Seller may reasonably request in relation to its exercise of such rights.

(b) [* * *]

(c) [* * *]

3. Agreement for Sale and Purchase of the Back-Book Receivables

3.1 The Seller agrees to sell and the Purchaser agrees to purchase all of the right, title and interest (present or future) in, and to, the Back-Book Receivables (and all Related Rights) in accordance with the terms and conditions of Schedule 3 (*Sale and Settlement of Back-Book Receivables*).

3.2 For the avoidance of doubt, the terms and conditions of this Agreement shall apply in respect of the Back-Book Receivables other than the provisions in Clauses 2 (*Agreement for Sale and Purchase of the Receivables*), 5 (*Consideration*), 7 (*Completion*), 9.1 and 9.2 each of which shall not apply in respect of any sale of Back-Book Receivables, to which the terms of Schedule 3 (*Sale and Settlement of Back-Book Receivables*) shall apply.

4. Conditions Precedent

4.1 On or before the first Back-Book Sale Date:

(a) unless waived by the Purchaser in writing, the Seller shall deliver the items set out in Part A of Schedule 1 (*Seller Initial Conditions Precedent*) to the Purchaser in form and substance satisfactory to the Purchaser; and

(b) unless waived by the Seller in writing, the Purchaser shall deliver the items set out in Part B of Schedule 1 (*Purchaser Initial Conditions Precedent*) to the Seller in form and substance satisfactory to the Seller.

4.2 Each of the Seller and the Purchaser agree that they shall use reasonable endeavours to deliver the items to be delivered by them set out in Schedule 1 (*Initial Conditions Precedent*) prior to the Long-Stop Date and to the extent that any item set out in Schedule 1 to be delivered to a Party is required to be to the satisfaction of that Party, confirmation of such satisfaction by such Party shall not be unreasonably withheld or delayed.

4.3 The Seller shall notify the Purchaser as soon as is reasonably practicable after it has either received to its satisfaction or waived each of the items set out in Part B of Schedule 1 (*Purchaser Initial Conditions Precedent*).

4.4 The Purchaser shall notify the Seller as soon as is reasonably practicable after it has either received to its satisfaction or waived each of the items set out in Part A of Schedule 1 (*Seller Initial Conditions Precedent*).

5. Consideration

5.1 The consideration to be provided by the Purchaser to the Seller for the sale and assignment of each Receivable together with its Related Rights will consist of the Purchase Price payable in respect of such Receivables set out in the relevant (i) Confirmation Notice pursuant to the SND Title Transfer Option or (ii) Sale Notice pursuant to the Settlement Date Title Transfer Option. In addition, the Purchaser shall pay Deferred Purchase Price to the Seller in accordance with Clause 5.3.

5.2 The Purchase Price in respect of:

(a) Receivables which are included in a Confirmation Notice pursuant to the SND Title Transfer Option, is due and payable [* * *] Business Day after the date of delivery of such Confirmation Notice if the related Sale Notice is delivered prior to [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];

(b) Receivables which are included in a Confirmation Notice pursuant to the SND Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such Confirmation Notice if the related Sale Notice is delivered after [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];

(c) Receivables which are included in a Sale Notice pursuant to the Settlement Date Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such Sale Notice if such Sale Notice is delivered prior to [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];

(d) Receivables which are included in a Sale Notice pursuant to the Settlement Date Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such Sale Notice if such Sale Notice is delivered after [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];

(e) Receivables which are included in a Further Disbursement Confirmation Notice (save for any such Receivable specified in sub-clause (f) below), is due and payable on the date of such Further Disbursement Confirmation Notice; and

(f) Receivables which are included in a Further Disbursement Confirmation Notice and arise in connection with a Receivable included in a Sale Notice for which title has not yet transferred to the Purchaser, is due and payable on the Settlement Date of the related Receivable included in such relevant Sale Notice

(each such date as applicable, the ***Payment Date***).

5.3 The Purchaser shall on each Monthly Settlement Date pay to the Seller the Deferred Purchase Price calculated in respect of the Reporting Period ending on the second Monthly Reporting Date prior to such Monthly Settlement Date. Notification of the amount payable in respect of Deferred Purchase Price for a particular Reporting Period shall be made to the Purchaser on the Monthly Reporting Date relating to such Reporting Period. Payment of amounts of Deferred Purchase Price then payable shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time or if any Collection Sweep Payments to be made on such day are insufficient to be applied and set-off so as to satisfy such payment in full, any non-payment in full of Deferred Purchase Price shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any unpaid Deferred Purchase Price by applying the Collections Sweep payment on the next following Business Day and thereafter until the relevant amount of Deferred Purchase Price is settled in full. The ***Deferred Purchase Price*** for a Reporting Period shall be an amount equal to [* * *] of the Post-Charge Off Receipts received by the Receivables Manager during such Reporting Period.

6. Asset Model

6.1 [* * *]

6.2 [* * *]

6.3 [* * *] in respect of any changes to the Asset Model, the Seller agrees to:

(a) consult with the Purchaser in advance of making any such changes;

(b) provide the Purchaser with details of any proposed changes to the inputs of the Asset Model at least 10 Business Days prior to implementation of such changes;

(c) provide the Purchaser with details of any other proposed changes to the Asset Model at least 30 days prior to implementation of such changes; and

(d) consider comments from the Purchaser in good faith and inform the Purchaser where any such comments will not be taken into account,

and the Parties agree to cooperate in good faith to agree such changes to the Asset Model as the Parties may agree.

6.4 [* * *]

6.5 In the case of any discrepancy to the Asset Model, the Parties agree to consult with each other and negotiate in good faith to reconcile and resolve such discrepancy.

7. Completion

7.1 In respect of Receivables which are included in a Sale Notice (and confirmed in the related Confirmation Notice pursuant to the SND Title Transfer Option), the Purchaser shall pay the Purchase Price for all Receivables on the Payment Date specified in the Sale Notice corresponding to such Receivables in accordance with Clause 5 (*Consideration*).

7.2 In respect of Further Disbursements which are included in a Further Disbursement Confirmation Notice, the relevant Purchase Price shall be due and payable by the Purchaser to the Seller on the relevant Payment Date, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Purchase Price against any Collections Sweep Payment (whether before or after the end of the Commitment Period) due to be made by the Receivables Manager under the Receivables Management Agreement in the same currency on such day (with the Receivables Manager's obligation to account to the Purchaser for such Collections Sweep Payment being reduced by a corresponding amount). To the extent the amount of any Collections Sweep Payment due to be made on such day is insufficient to be applied and set-off so as to settle the relevant Purchase Price in full, any non-payment in full of the Purchase Price for such Further Disbursements shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any unpaid Purchase Price by applying the Collections Sweep Payment on the next following Business Day and thereafter until the Purchase Price is settled in full.

7.3 Completion of the transfer of the title to each Receivable and any Related Rights shall take place at the Sale Time for such Receivable.

7.4 With effect from the Sale Time for each Receivable:

(a) the Seller will account to the Purchaser for all sums received by the Seller after the relevant Cut-Off Time applicable to such Receivable which belong to the Purchaser (including, without limitation, any sums received from any Borrower) under or in respect of the Receivables which were sold and transferred to the Purchaser at any Sale Time and the Seller will hold the same on trust for the Purchaser as trustee pending such amounts being paid to the Purchaser or being applied in satisfaction of any amounts of the Purchase Price due from the Purchaser; and

(b) the Purchaser shall hold all Third Party Amounts received by it on trust for the Seller or such other third party beneficial owner of such sums, as the case may be.

7.5 With effect from each Sale Time, the Seller shall continue to observe and perform, or procure the observance and performance of, any obligation to the Borrowers in respect of any Receivable and any Related Rights transferred at such Sale Time in accordance with their terms.

7.6 In respect of Purchased Receivables which are included in any Sale Notice, the Class C Lender (acting on behalf of the Purchaser) may arrange for the Purchaser to enter into a Forward Rate Agreement Transaction at or around [* * *] on the related Sale Notice Date (or in the case of Purchased Receivables included in a Back-Book Sale Notice on the Business Day following the applicable Back-

Book Sale Notice Date) in order to hedge the interest rate risk in respect of such Purchased Receivables.

7.7 In respect of Purchased Receivables which are included in a Sale Notice and transferred to the Purchaser pursuant to the SND Title Transfer Option or which are included in a Back-Book Sale Notice, the Class C Lender (or such other entity as it may appoint from time to time, in each case acting on behalf of the Purchaser) may arrange for the Purchaser to partially unwind any Forward Rate Agreement Transaction or enter into an offsetting Forward Rate Agreement Transaction (a ***Hedge Adjustment***) at or around [* * *] on the related Confirmation Notice Date (or if the Confirmation Notice is received later than [* * *] on a Confirmation Notice Date or if a Confirmation Notice Date is not a Business Day, at or around [* * *] on the Business Day immediately following the Confirmation Notice Date), or in the case of Purchased Receivables which are included in a Back-Book Sale Notice on the date on which the related Back-Book Confirmation Notice is delivered (or if the related Back-Book Confirmation Notice is received later than [* * *] on its date of delivery or if its date of delivery is not a Business Day, at or around [* * *] on the Business Day immediately following the date of delivery of such Back-Book Confirmation Notice), in each case in order to adjust the interest rate hedging arrangements to allow for any difference between (i) the loan balances of the Receivables proposed to be transferred to the Purchaser which are listed in such Sale Notice or Back-Book Sale Notice, and (ii) the loan balances of the Receivables actually transferred to the Purchaser which are listed in the related Confirmation Notice.

7.8 [* * *]

8. Notification of Sales

8.1 In this Agreement, ***Notification Event*** means any of the following:

(a) the Seller being required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or organisation whose members include consumer or other unsecured lenders of which the Seller is a member or with whom it is customary for the Seller to comply, to notify the relevant Borrower of the transfer of any Receivables and Related Rights in favour of the Purchaser;

(b) the Receivables comprising the Portfolio or any material part thereof being in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy and it being necessary to notify the relevant Borrower of the transfer of the Receivables and Related Rights in favour of the Purchaser in order to materially reduce such danger or jeopardy;

(c) notice in writing from the Seller to the Purchaser (with a copy to the Security Agent) requesting notification to a Borrower of the transfer of any of the Receivables and Related Rights;

(d) the occurrence of an Insolvency Event in relation to the Seller or 3PL or PPHI (including without limitation the taking of any action for the appointment of any receiver, administrator or liquidator of the Seller or 3PL or PPHI);

(e) default is made by the Seller in the performance or observance of any of its material covenants and obligations under this Agreement or any other Transaction Document to which it is a party, which is in the reasonable opinion of the Purchaser (prior to the delivery of an Enforcement Notice) or in the reasonable opinion of the Security Agent (after the delivery of an Enforcement Notice), material, and such default continues unremedied for a period of 15 Business Days after the earlier of the Seller becoming aware of such default and receipt by the Seller of written notice from the Purchaser or (following delivery of an Enforcement Notice) the Security Agent, as appropriate, requiring the same to be remedied;

(f) the occurrence of a Receivables Manager Termination Event;

(g) the occurrence of a Receivables Manager Resignation Event; or

(h) it becoming required by mandatory provisions of law to do any or all of the other acts referred to in this Clause 8,

provided that where the circumstances listed in any of Clause 8.1(a), (c) or (h) occur only in respect of a particular Receivable or where the circumstances listed in any of Clause 8.1(a), (b), (c), (f), (g) or (h) in respect of Receivables in a particular Relevant Jurisdiction, a Notification Event will only occur for the purposes of the Transaction Documents in respect of that Receivable or Receivables owned by Borrowers in that Relevant Jurisdiction and accordingly, for the avoidance of doubt, no notice of assignment, or of its interest in, any Receivable or Related Rights owed by another Borrower or by Borrowers in another Relevant Jurisdiction (as the case may be) shall be required or permitted to be given under the terms of this Clause 8 unless a Notification Event has occurred in that other Relevant Jurisdiction.

8.2 Each of the Purchaser, the Security Agent, the Seller and the Receivables Manager agrees that:

(a) subject to Clause 8.2(b), the Seller (whether in its capacity as Seller or as Receivables Manager) is not required to give any formal notice of the assignment of, or of its interest in, any Receivable or any Related Rights whether to any Borrower or to any other person at any time prior to the occurrence of a Notification Event, and following a Notification Event unless instructed to do so by the Purchaser or the Security Agent (as applicable);

(b) if the Seller is required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or by an organisation whose members include consumer or other unsecured lenders of which the Seller is a member or with whom it is customary for the Seller to comply, to give notice of the assignment of, or of its interest in, any Receivable or any Related Rights, the Seller must notify the Borrower of that Receivable, court, regulatory authority and/or organisation of the transfer of that Receivable and Related Rights to the Purchaser;

(c) neither the Purchaser nor the Security Agent is permitted to give any notice of the assignment of, or of its interest in, any Receivable or any Related Rights whether to the Borrower of that Receivable or to any other person prior to the occurrence of a Notification Event; and

(d) at no time prior to a Borrower Notice will Personal Data in respect of any Borrowers be requested to be shared by the Seller or the Receivables Manager (or any outsourced service providers thereof) with the Purchaser or the Security Agent.

8.3 At any time whilst a Notification Event has occurred and is continuing, the Purchaser (prior to service of an Enforcement Notice) or the Purchaser acting on the instructions of the Security Agent (following service of an Enforcement Notice) may (but shall not be under any obligation to) provide, or may procure the Receivables Manager or any other receivables managing party it has engaged to provide, formal notice to (i) all of the Borrowers in the case of a Notification Event as listed in Clauses 8.1(b), 8.1(d), 8.1(e) or 8.1(f); or (ii) the Borrowers in any Relevant Jurisdiction affected by a Notification Event as listed in Clauses 8.1(a), 8.1(c) or 8.1(h) of the sale of the outstanding Receivables to the Purchaser. The fees and expenses of such notification shall be borne by the Seller.

8.4 The Seller undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the Seller will lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the Receivables and their Related Rights in accordance with any applicable law or regulation.

8.5 Subject to Clause 8.6 (*Undertakings of the Seller*), upon being required to do so by the Security Agent (following the service of an Enforcement Notice) pursuant to and at all times in accordance with this Clause 8, the Purchaser shall do all or any of the acts, matters or things referred to in this Clause 8, and undertakes not to take any action that would result in the notification to any Borrower of the transfer of the Receivables and their Related Rights to the Purchaser except as provided in this Agreement and pursuant to and in accordance with this Clause 8 and Clause 27 (*Data Protection*).

8.6 Undertakings of the Seller

(a) Following a Notification Event, the Seller undertakes in respect of each Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such Receivables to the Purchaser. To the extent any of the Receivables then forming part of the Portfolio are Spanish Receivables, following the Security Agent's request, a reference to the creation of Security Document consisting of pledge over Spanish Receivables will be included in the Borrower Notice, as provided for in Part A of Schedule 9 (*Provisions relating to Sale of Spanish Receivables*).

(b) The Seller undertakes to the Purchaser and the Security Agent:

(i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the Seller's or the Purchaser's title to any Receivable or the right to payment thereunder or the validity, collectability or enforceability of any Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the

Seller's or the Purchaser's title to any Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other obligations under this Agreement to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and

(ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any Receivable.

(c) The Seller agrees that it will not act or omit to act in any way which:

(i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

(ii) would constitute a breach in any material respect of the Seller's obligations under the related Loan Agreements,

unless in each case such act, omission or amendment is necessary in order for the Seller to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

(d) The Seller shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in the Relevant Jurisdiction and in Luxembourg to the extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of Receivables forming part of the Portfolio.

9. Representations, Loan Warranties, Repurchase and Anti-dilution Obligations

9.1 Seller Representations and Loan Warranties

The Seller:

(a) on each Sale Notice Date, in relation to each Receivable and any Related Rights purchased by the Purchaser at the related Sale Time, gives representations and warranties in the form set out in Part A of Schedule 2 (*Loan Warranties*) (such warranties, the ***Loan Warranties***) to the Purchaser and the Security Agent as at the Sale Notice Date;

(b) on the date of this Agreement, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent;

(c) on each Title Transfer Date, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent as at each such date; and

(d) on each Monthly Reporting Date, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent.

9.2 **Purchaser Representations**

The Purchaser:

(a) on each Title Transfer Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent as at each such date;

(b) on the date of this Agreement, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent;

(c) on each Repurchase Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent as at such date; and

(d) on each Monthly Reporting Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent.

9.3 Each of the Seller and the Purchaser acknowledges that the representations and warranties specified in Clauses 9.1 (*Seller Representations and Loan Warranties*) and 9.2 (*Purchaser Representations*) are made with a view to inducing the Seller, the Purchaser and the Security Agent to enter into this Agreement and that the Seller, the Purchaser and the Security Agent have entered into this Agreement, *inter alia*, in reliance thereon and have relied upon the representations and warranties, save to the extent Disclosed against in the Disclosure Letter. The Seller, the Purchaser and the Security Agent acknowledge that they have not entered into this Agreement in reliance upon any representation, warranty or undertaking other than those set out in this Agreement or upon any other enquiry, investigation or search whatsoever.

9.4 The Purchaser acknowledges to the Seller that it is a sophisticated purchaser with respect to the transaction contemplated by this Agreement and has such information as it deems appropriate under the circumstances (however obtained) to make an informed decision regarding such transaction. The Purchaser hereby agrees that it has independently made its own analysis and decision to enter into such transaction, based on such information as it has deemed appropriate under the circumstances, and without reliance on any other party (except for reliance, in the case of the Purchaser, on any express representation or warranty made by the Seller in this Agreement).

9.5 **Breach of Loan Warranties**

Subject to Clause 9.7, in respect of any breach of any Loan Warranty as at the date specified in Clause 9.1 (*Seller Representations and Loan Warranties*) (save for any breach of a Loan Warranty arising as a result of confirmed Borrower fraud which is separately provided for in Clause 9.15) where the sum of the (i) aggregate Purchase Price of any affected Receivables (including the aggregate Purchase Price of Receivables affected by a breach of Loan Warranty which may have already been repurchased in previous years), and (ii) any Indemnified Amounts (as defined in the Receivables

Management Agreement) owing by the Receivables Manager to the Purchaser under clause 17 of the Receivables Management Agreement (or which have previously been paid by the Receivables Manager under such clause), is less than or equal to the then applicable Threshold Amount (determined as at the time of each relevant breach), the Seller shall notify the Purchaser and the Security Agent of any actual breach of a Loan Warranty (i) if the breach is not capable of remedy, on or before the next Monthly Reporting Date after the Seller becomes aware of such breach; or (ii) if the breach is capable of remedy and such breach has not been remedied within 90 calendar days of the Seller becoming aware of such breach, on or before the next Monthly Reporting Date following the date falling 90 calendar days after date on which the Seller becomes aware of such breach.

9.6 For so long as the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty (other than a breach of a Loan Warranty arising as a result of any confirmed Borrower fraud) when aggregated with any Indemnified Amounts (as defined in the Receivables Management Agreement) owing by the Receivables Manager to the Purchaser under Clause 17 of the Receivables Management Agreement does not exceed the then applicable Threshold Amount (determined as at the time of each relevant breach), the Seller shall not be required to indemnify the Purchaser in respect of such breaches or repurchase any affected Receivables.

9.7 The Seller shall only be obliged to indemnify the Purchaser in respect of, or repurchase, any Receivable affected by a breach of Loan Warranty if such breach of Loan Warranty is identified prior to the date falling 12 months after the latest scheduled Payment Date of any Purchased Receivable.

9.8 In respect of each of the Loan Warranties at paragraphs 3, 6(a), 7, and 16 of Part A of Schedule 2 (*Loan Warranties*) given in respect of a Receivable, no breach of such Loan Warranty shall occur (and, for the avoidance of doubt, the Seller shall not be obliged to notify of any such breach or indemnify for, or repurchase, any affected Receivable) unless (i) the relevant Loan Warranty was not correct as at the date on which such Loan Warranty was made and (ii) such incorrectness has, or is reasonably likely to have, an adverse effect on the value of such Receivable, taking into account the likelihood of recoverability of that Receivable.

9.9 In respect of the Loan Warranty at paragraph 19 of Part A of Schedule 2 (*Loan Warranties*), a breach of such Loan Warranty shall be considered to have been remedied for the purposes of Clause 9.5 (*Breach of Loan Warranties*) (and, for the avoidance of doubt, the Seller shall not be obliged to notify of any such breach or indemnify for, or repurchase, any affected Receivable) if the Seller has paid, or reimbursed to the Purchaser (as applicable), the full amount of the relevant registration, stamp, or other similar Tax or duty and any associated interest and/or penalties within 90 calendar days of the Seller becoming aware of such registration, stamp, or other similar Tax or duty (or such longer period as the Parties may agree).

9.10 **Repurchase for breach of Loan Warranties**

(a) Subject to Clause 9.7 and Clause 9.17, if the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty exceeds the Threshold Amount (determined as at the time of each relevant breach), the Seller shall be obliged, during the period during which the sum of (i) the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty (including the aggregate Purchase Price of Receivables affected by a breach of Loan Warranty

which may have already been repurchased in previous years), and (ii) any Indemnified Amounts (as defined in the Receivables Management Agreement) owing by the Receivables Manager to the Purchaser under clause 17 of the Receivables Management Agreement (or which have previously been paid by the Receivables Manager under such clause) exceeds the then applicable Threshold Amount, at its discretion either to effect a repurchase of the Receivables subject to the breach of Loan Warranties pursuant to this Clause 9.10 (*Repurchase for breach of Loan Warranties*) or compensate the Purchaser by making an indemnity payment to the Purchaser pursuant to Clause 9.17. For the avoidance of doubt if the aggregate Purchase Price of Receivables then affected by a breach of a Loan Warranty exceeds the Threshold Amount, the Seller shall be required to either repurchase from, or indemnify, the Purchaser for all Purchased Receivables then affected by a breach of Loan Warranty and not just those in excess of the Threshold Amount. If the Seller has elected to repurchase such affected Receivables, the Seller shall deliver a written notice to the Purchaser specifying its election, following which the Purchaser (or the Receivables Manager on behalf of the Purchaser) shall by delivery of a Repurchase Notice to the Seller (copied to the Purchaser, the Receivables Manager and the Security Agent) reassign and retransfer to the Seller its Assigned Rights in relation to such Receivable identified in the relevant Repurchase Notice on the next following Settlement Date (if during the Commitment Period) or Monthly Reporting Date (if after the end of the Commitment Period) after the date on which the breach of Loan Warranty is required to be notified in accordance with Clause 9.5, and the Seller shall accept a reassignment and retransfer of such Assigned Rights. Such reassignment and retransfer shall be in accordance with, and for the consideration set out in, Clause 9.13.

(b) The Seller may (in its absolute discretion) elect to indemnify the Purchaser as an alternative to the reassignment and retransfer to the Seller of the Purchaser's Assigned Rights in relation to a Receivable pursuant to Clause 9.17.

9.11 The Security Agent shall be entitled to assume that no such breach has occurred until it has been so notified in writing by the Seller or the Receivables Manager. For the avoidance of doubt, save as provided in Clause 9.10 and Clause 9.17 there shall be no other consequence for any breach of Loan Warranty relating to such Receivables and no action shall be taken by any Party in respect of such breach.

Completion and Consideration

9.12 Each reassignment and retransfer under this Clause 9 shall be free from any right or interest that the Security Agent may have in the Assigned Rights under or pursuant to the Security Documents (which the Security Agent shall release, discharge or reassign in respect of the Assigned Rights so reassigned and retransferred).

9.13 Completion of such reassignment and retransfer under Clause 9.10 and Clause 9.12 (inclusive) shall take place on the Repurchase Date applicable to the relevant Repurchase Notice upon payment by the Seller to the Purchaser into the Purchaser Bank Account in the relevant currency of the Repurchase Price. Any such payment by the Seller of the Repurchase Price shall, in relation to that Receivable only, constitute a discharge and release of the Seller from any claims which the Purchaser or the

Security Agent may have against it arising from or in relation to such breach of warranty, but shall not affect any rights arising from a breach of any express provision of this Agreement in relation to any other Receivable. The Purchaser and the Security Agent shall, to the extent that each has title and at the cost of the Seller, execute and deliver an agreement in respect of the reassignment, retrocession and release of any such Receivable specified in the relevant Repurchase Notice, in such form as the Seller may reasonably require against payment therefor by the Seller of the Repurchase Price. Each repurchase, reassignment and retransfer of Receivables shall be made subject to and in accordance with the terms and subject to the conditions of this Agreement and the provisions of the Relevant Local Schedule for such Receivable (to the extent applicable and applying mutatis mutandis as required in order to transfer legal and beneficial title to such Receivable back to the Seller).

9.14 If the Seller makes any payment (not involving a reassignment or retransfer under this Clause 9) to the Purchaser or the Security Agent in full satisfaction of any claim made by the Purchaser or the Security Agent in relation to any warranty set out in Clause 9.1 (*Seller Representations and Loan Warranties*), the Purchaser or the Security Agent, as the case may be, shall assign to the Seller such rights as they have against any third party which relate to such claim and undertakes to reassign or retransfer any Assigned Rights upon request by the Seller.

9.15 **Repurchase for Failure of Bank-Funded Payment and Fraud**

Notwithstanding any other provisions of this Clause 9, if, after a Receivable has been transferred from the Seller to the Purchaser, the Seller receives notice that:

(a) any payment made by the Borrower has failed or is subject to a reversal or chargeback (each a ***Payment Unwind***) where such Payment Unwind is in respect of any payment on the Loan Agreement prior to the transfer of such Receivable to the Purchaser and where, if such Payment Unwind had occurred prior to the transfer of such Receivable to the Purchaser, such Receivable would not have been an Eligible Receivable; or

(b) a confirmed Borrower fraud has occurred in respect of such Receivable prior to the Sale Time of such Receivable,

the Seller shall repurchase such affected Receivable for an amount equal to the Purchase Price paid by the Purchaser for such Receivable less the aggregate amount of any Collections transferred to the Purchaser in respect of such affected Receivable plus Cost of Capital [* * *]. The Receivables Manager on behalf of the Purchaser shall by delivery of a Repurchase Notice to the Seller (copied to the Purchaser, the Receivables Manager and the Security Agent) reassign and retransfer to the Seller its Assigned Rights in relation to such Receivable identified in the relevant Repurchase Notice as soon as is reasonably practicable after the date on which the Seller receives notice of the Payment Unwind or the confirmed Borrower fraud (as applicable) but in any event by no later than the Monthly Reporting Date applicable to the Monthly Reporting Period in which the Seller receives notice of the Payment Unwind or the confirmed Borrower fraud (as applicable), and the Seller shall accept a reassignment and retransfer of such Assigned Rights. Completion of such re-assignment and re-transfer shall take place on the Repurchase Date applicable to the relevant Repurchase Notice upon payment by the Seller to the Purchaser into the Purchaser Bank Account in the relevant currency of the original Purchase Price. The Purchaser and the Security Agent shall, to the extent that each has title and at the cost of the Seller,

execute and deliver an agreement in respect of the reassignment and retransfer of any such Receivable specified in the relevant Repurchase Notice, in such form as the Seller may reasonably require against payment therefor by the Seller of the original Purchase Price less the aggregate amount of any Collections transferred to the Purchaser in respect of such Receivable plus Cost of Capital. Each repurchase, reassignment and retransfer of such Receivable shall be made subject to and in accordance with the terms and subject to the conditions of this Agreement and the provisions of the Relevant Local Schedule for such Receivable (to the extent applicable and applying mutatis mutandis as required in order to transfer legal and beneficial title to such Receivable back to the Seller).

9.16 **Repurchase for DE Pi30 Loan**

[* * *]

Indemnity

9.17 If:

(a) the Seller elects to indemnify the Purchaser as an alternative to the reassignment and retransfer to the Seller of the Purchaser's Assigned Rights in relation to a Receivable under Clause 9.10 (*Repurchase for breach of Loan Warranties*);

(b) a Receivable has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be reassigned or retransferred pursuant to this Clause 9;

(c) a Loss has been suffered in respect of such Receivable due to a fraud on behalf of the Seller; or

(d) the Seller is not obliged to repurchase a Purchased Receivable that it would otherwise have been obliged to repurchase pursuant to Clause 9.10 (*Repurchase for breach of Loan Warranties*) due solely to a matter being Disclosed in the Disclosure Letter,

the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead deliver a written notice on the date on which the next Sale Notice is delivered (or, if sales are no longer occurring, within five Business Days) after becoming aware that any of the circumstances referred to under Clauses 9.17(a), (b), (c) or (d) has occurred specifying its intention to indemnify the Purchaser in relation to such Receivable or other Assigned Rights in an amount equal to the Repurchase Price that would be payable under Clause 9.12 had the Seller elected to repurchase that Receivable (the ***Indemnification Amount***). After delivery of such written notice, the Seller shall, within five Business Days of delivery of such written notice, indemnify the Purchaser in an amount equal to the Indemnification Amount for the relevant Receivable and pay such Indemnification Amount to the Purchaser, provided that the Seller shall be entitled to settle the payment of any such Indemnification Amount by way of set-off and deduction from the Purchase Price specified in the next Confirmation Notice or Sale Notice (as applicable) following delivery of such written notice (where applicable).

9.18 Following the payment or settlement of an Indemnification Amount pursuant to Clause 9.17, any Collections received in respect of the Indemnification Amount of the affected Receivable(s) shall be retained by the Seller for its own account.

9.19 Any payments to be made by the Seller pursuant to Clause 9.17 shall be made:

(a) in respect of that part of the Repurchase Price amount calculated by reference to the relevant Purchase Price Ratio multiplied by the outstanding Current Balance of the relevant Receivable, within five Business Days of the date on which the balance of the Receivable is written down or reduced; and

(b) in respect of that part of the Repurchase Price calculated by reference to Cost of Capital, on the next Monthly Settlement Date.

9.20 **Anti-dilution**

(a) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller or the Receivables Manager or any interest, fees or other amounts due are waived as a result of the Seller or the Receivables Manager determining that there has been an error in the origination, management or administration of a particular loan or making a goodwill credit to a particular Borrower, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser Bank Account in the relevant currency equal to the Repurchase Price in respect of the amount of the Receivable balance so written down or waived. Such anti-dilution payment shall be settled on a monthly basis in arrears on the Monthly Settlement Date by way of a cash payment from the Seller to the Purchaser, payment of which shall be satisfied, during the Commitment Period only and provided that the Receivables Manager as at the date of this Agreement (or any of its Affiliates) remains a Receivables Manager under the Receivables Management Agreement, by way of set-off against the Receivables Management Fee or any other fees at that time then due pursuant to the Receivables Management Agreement, or if such fees are insufficient for any reason, by payment by the Seller within five Business Days of demand from the Purchaser.

(b) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller as a form of provisional credit granted to a Borrower pursuant to an unresolved dispute between the relevant Borrower and the relevant merchant, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer to the Purchaser Bank Account in the relevant currency of an amount equal to the Repurchase Price in respect of the amount of the Receivable balance so written down (excluding any amounts of interest or fees cancelled in connection with the grant of the provisional credit). If following the conclusion of the dispute between such Borrower and such merchant, the dispute is resolved against the Borrower and the write-down of the applicable Receivable balance is reversed, the Purchaser shall make a payment of an amount equal to such Repurchase Price transferred to the Purchaser, payment of which shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to

the Purchaser at that time or if such Collection Sweep Payments are insufficient to satisfy such payment in full, by payment by the Purchaser within five Business Days of demand by the Seller.

(c) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller upon a refund being received by the Seller from the relevant merchant in respect of the underlying merchant purchase transaction, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer of the amount to the Purchaser Bank Account in the relevant currency equal to the Repurchase Price in respect of the amount of the Receivable balance so written down (excluding any amounts of interest or fees cancelled in connection with the grant of the refund). If the Seller notifies the Purchaser that the Borrower has previously made a payment in whole or in part (and the Purchaser has received such payment), where the issuance of the refund has resulted in a credit to such Borrower's e-money account such that the Borrower has no right of set-off or counterclaim against the Receivable in respect of the amount so credited (such amount, an ***E-money Refund Balance Amount***), an amount equal to the E-money Refund Balance Amount shall be netted against the Collections Sweep Payment which otherwise are required to be made to the Purchaser at that time such that the Seller can restore the original balance of the Borrower's e-money account.

(d) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is reduced as a result of a Borrower exercising a right of set-off, recission or right of counterclaim against such Receivable, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer to the Purchaser Bank Account in the relevant currency of an amount equal to the Repurchase Price in respect of the amount of the Receivable balance so reduced.

(e) Any payments to be made by the Seller pursuant to Clauses 9.20(b), (c) and (d) shall be made:

(i) in respect of that part of the Repurchase Price amount calculated by reference to the relevant Purchase Price Ratio multiplied by the written down or reduced amount of the balance of the relevant Receivable, within five Business Days of the date on which the balance of the Receivable is written down or reduced; and

(ii) in respect of that part of the Repurchase Price calculated by reference to Cost of Capital, on the next Monthly Settlement Date during the Commitment Period or after the end of the Commitment Period on a Monthly Reporting Date.

9.21 **Balance Adjustments**

(a) If the balance of a Receivable increases (after the Receivable has been transferred to the Purchaser) as a result of a Payment Unwind of any due payment requested by the Borrower (other than as described in Clause 9.15(a)) and where a Collection has been paid to the Purchaser in respect of such payment, the Purchaser shall pay to the Seller an amount equal to

such increase in the balance of the Receivable, payment of which shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time.

(b) If any NSF Fee has been passed on to the Purchaser in the System, the Purchaser shall pay to the Seller an amount equal to such NSF Fee. Such payment shall be settled on a monthly basis in arrears on each Monthly Settlement Date by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time, or if such Collection Sweep Payments are insufficient, by payment by the Purchaser within five Business Days of demand from the Seller. In relation to any amounts received from a Borrower, these will be allocated first to the satisfaction of any payment due in respect of a NSF Fee (which amount shall be retained by the Seller for its own account), and thereafter in accordance with the terms of the Loan Agreement and any applicable law or regulation.

9.22 It is hereby expressly understood between the Parties that, since the Receivables are sold to the Purchaser without recourse (but for the avoidance of doubt without prejudice to any recourse as expressly provided for in this Agreement), the Seller shall have no obligation to indemnify the Purchaser from any direct and/or indirect damages, Losses, Taxes, claims, liabilities, costs and expenses arising as a consequence of the failure by any Borrower to pay in whole or in part any relevant Receivables after the relevant Cut-Off Time (including, without limitation, as a result of the insolvency of such Borrower). Without prejudice to the other provisions of this Clause 9, each of the Purchaser and the Security Agent further acknowledges to and agrees with the Seller, that the Seller shall have no liability or responsibility (whether, in either case, contractual or tortious, express or implied) for any Loss or damage for or in respect of any breach of or any act or omission in respect of, any of its obligations hereunder other than Loss or damage directly (and not indirectly or consequentially) suffered by the Purchaser and/or the Security Agent or the assets comprised in the Transaction Security by reason of such breach, act or omission.

9.23 Each of the Seller and the Purchaser shall notify in writing the applicable Party within seven Business Days of becoming aware of the breach of any of its obligations under this Clause 9 (including whilst any relevant cure period is in effect) and each of the Seller, the Purchaser and the Security Agent shall, in the absence of receipt of any such written notice, be entitled to assume that each Party is complying with such obligations.

10. Information Undertakings

10.1 The undertakings in this Clause 10 (*Information Undertakings*) shall remain in force from the date of this Agreement during the Commitment Period and thereafter for so long as any obligations remain outstanding hereunder.

10.2 The Purchaser will supply to the Seller:

(a) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or regulatory impositions which are current, threatened or pending against the Purchaser, and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; and

(b) promptly, further information as the Seller may reasonably request for the purposes of the Seller and its Affiliates' Tax compliance and reporting obligations, except to the extent that disclosure of the information would breach any law, regulation, stock exchange requirement or duty of confidentiality.

10.3 The Seller will supply to the Purchaser such information as the Purchaser may reasonably request to satisfy its reporting or due diligence obligations under the EU Securitisation Regulation and UK Securitisation Regulation, provided that the Seller shall not be required to supply any such information to the extent it does not collect or track such information as at the date of this Agreement.

10.4 Each of the Purchaser and the Seller shall promptly notify the other Parties and the Security Agent in writing of any breach of representation and warranty or undertaking under this Agreement (other than in respect of any breach of a Loan Warranty as to which Clause 9.5 (*Breach of Loan Warranties*) will apply) and in any event within seven Business Days of becoming aware of its occurrence. Without prejudice to the other rights and remedies of the Parties to this Agreement set out herein, following such notification, to the extent that such breach is capable of remedy, the Purchaser and the Seller agree to consult with each other and negotiate in good faith to agree a means to remedy and resolve such breach. Promptly upon a request by any party to this Agreement to the Purchaser or the Seller, the Purchaser or the Seller (as applicable) shall supply to it a certificate signed by an authorised signatory on its behalf certifying that no breach of representation and warranty or undertaking is continuing.

10.5 **Delivery of financial statements**

The Seller shall deliver to the Purchaser by no later than 30 June of each calendar year, starting from 30 June 2023 for its financial year ending 31 December 2022, a copy of its audited consolidated annual financial statements prepared in accordance with IFRS, provided that such financial statements shall be deemed delivered if they are publicly available.

10.6 Nothing in this Agreement or any of the Transaction Documents shall require the Seller or any of its Affiliates to disclose any information where such disclosure would otherwise be required under this Agreement or the relevant Transaction Document to the extent that such disclosure would result in a breach of any applicable law or regulation or regulatory guidelines or order of any court or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Tax Authority or applicable stock exchange rules and guidelines.

11. General Undertakings

The undertakings in this Clause 11 (*General Undertakings*) shall remain in force from the date of this Agreement during the Commitment Period and thereafter for so long as any obligations remain outstanding hereunder.

11.1 **Merger and Change of Control**

Without prejudice to the exercise of any right of enforcement of the Security Agent in respect of any Security Interest granted over the shares of the Purchaser (which, for the avoidance of doubt, shall not require the consent of the Seller or the Receivables Manager), the Purchaser shall not enter into any

amalgamation, demerger, merger, corporate reconstruction or Change of Control without the prior written consent of the Seller.

11.2 **Audit**

Subject to all applicable law and regulation, the Seller shall cause an AUP Audit to be conducted:

(a) once in each twelve month period during the Commitment Period (a copy of which report the Seller shall or shall cause to be delivered to the Purchaser and each Facility Agent (as defined in the Master Framework Agreement) on or before the Monthly Reporting Date falling in June in each year starting from June 2024); and

(b) following the occurrence of a Turbo Amortisation Event or an Event of Default (in each case as defined in the Master Framework Agreement), if so requested by the Majority Class A Lenders, the Majority Class B Lenders or the Class C Lender within 90 calendar days' of receipt by those persons or that person (as applicable) of notice of the occurrence of such Turbo Amortisation Event or Event of Default, provided that no more than one such additional AUP Reports may be requested in any twelve month period,

and in each case shall cause to be conducted one further AUP Audit if either such AUP Audit has identified breaches by the Seller or the Receivables Manager of the terms of their respective obligations under this Agreement or the Receivables Management Agreement.

11.3 **U.S. Investment Company and Covered Fund Status**

The Purchaser undertakes that, for so long as any Receivable is outstanding, it will not take any action that would (i) require it to register as an "investment company" (as that term is defined under the U.S. Investment Company Act of 1940, as amended), or (ii) result in it becoming a "covered fund" as defined under the Volcker Rule.

11.4 **Securitisation**

Save as otherwise agreed in writing between the Seller and the Purchaser, the Purchaser will not undertake any refinancing or any public securitisation or similar financing transaction in respect of the Receivables without the prior written consent of the Seller.

11.5 **Collections Policies, Underwriting Policies and Standard Documentation**

(a) The Seller is permitted to make changes to the Collections Policies or Underwriting Policies at any time at its own discretion provided that if any such changes have in the good faith determination of the Seller a quantitative impact on any required input to, or assumption contained in, the Asset Model, the relevant input or assumption shall be updated to take into account the change to the Collections Policies or Underwriting Policies as the case may be.

(b) The Seller shall as soon as reasonably practicable after approval and adoption by the Seller of any changes to the Collection Policies, Underwriting Policies or Standard Documentation, (i) notify the Purchaser of any material changes or variations to any of the Collections Policies, Underwriting Policies or Standard Documentation and (ii) provide a copy of such updated

Collections Policies, Underwriting Policies or Standard Documentation. For the avoidance of doubt, neither the Seller nor the Receivables Manager shall be required to provide any other documents relating to underwriting or collections procedures or policies including any such policies, procedures or other documents referenced in the Underwriting Policies or Collections Policies.

(c) The Seller shall not make any changes to the calculation methodology in respect of the information contained in the Receivables Management Report without the prior written consent of the Purchaser not to be unreasonably withheld.

11.6 **Origination and administration**

The Seller and Receivables Manager shall, as applicable:

(a) originate and manage Purchased Receivables;

(b) assess and monitor the credit performance of the Purchased Receivables;

(c) [* * *] operate and maintain the Asset Model; and

(d) assess and implement any appropriate changes to its Asset Model, the Collections Policies, the Underwriting Policies, Standard Documentation or its credit-decisioning process,

in each case, with the level of skill, care and diligence which would be expected at that time from a reasonably prudent consumer lender or manager of consumer loans within the consumer financial services industry and in any event to no lesser standard that it has applied prior to the Closing Date or that it would apply to Receivables originated and held for its own account.

11.7 **Change in law or regulation**

In connection with the introduction and implementation into national law of additional regulatory requirements applicable to the Receivables under (i) proposals announced by the UK government in February 2021 to bring interest-free buy-now-pay-later agreements into regulation by the Financial Conduct Authority and (ii) the European Commission's proposal for a Directive repealing and replacing Directive 2008/48/EC on credit agreements for consumers (together with (i), the ***Additional Regulatory Requirements***), prior to such Additional Regulatory Requirements becoming binding on the Seller and the Receivables Manager in the applicable jurisdiction, the Seller shall:

(a) where a relevant regulatory body indicates formally in writing, or the Seller otherwise believes that it may be reasonably likely, that any application for a regulatory licence or permission newly required pursuant to the Additional Regulatory Requirements in relation to the origination or administration of the Receivables may be refused, the Seller will notify the Purchaser as soon as reasonably practicable in writing, and in any event not more than five Business Days after becoming aware of the same;

(b) consult with the Purchaser in advance of making any such updates or taking any such measures;

(c) provide the Purchaser with details of any proposed updates to the Standard Documentation and any proposed measures to comply with the Additional Regulatory Requirements at least 30 days prior to implementation of such Standard Documentation and measures;

(d) consider comments from the Purchaser in good faith and inform the Purchaser where any such comments will not be taken into account in the updated Standard Documentation or in the other measures to be taken by the Seller to comply with the Additional Regulatory Requirements;

(e) as soon as reasonably practicable after finalisation, provide the Purchaser with copies of any updated Standard Documentation;

(f) provide the Purchaser with legal opinions addressed to the Purchaser, the Security Agent, the Class A Lenders and the Class B Lenders, as to the enforceability of any updated Standard Documentation in England, France, Germany, Italy and Spain to a level of comfort in all material respects equivalent to the legal opinions listed in paragraphs 23 to 27 of Part A of Schedule 1 (*Seller Initial Conditions Precedent*) and provided to the Purchaser on or before the Closing Date but having regard to the regulated nature of the relevant Eligible Products and any uncertainty in the implementation or interpretation of the Additional Regulatory Requirements relating to the Eligible Products;

(g) where requested by the Purchaser, a legal opinion or memorandum of advice addressed to the Purchaser, the Security Agent, the Class A Lenders and the Class B Lenders, from an appropriately qualified legal counsel confirming that where the Additional Regulatory Requirements require customer documentation, including, but not limited to, pre-contractual information, loan agreement, account statements, notices of default and notices of arrears, to be in a required format and/or contain specific information and disclosures, these requirements are complied with in material respects or otherwise in a manner that would not materially affect the recoverability of amounts owed in respect of the relevant Receivables; and

(h) provide such other information as the Purchaser may reasonably request in relation to compliance by the Seller or the Receivables Manager, as applicable, with Additional Regulatory Requirements applicable to the origination and administration of such Receivables, including but not limited to (i) template pre-contractual borrower communications and documentation; (ii) compliance with form and content requirements relating to customer documentation including, but not limited to, the loan agreement, account statements, notices of default and notices of arrears; and (iii) evidence that all relevant regulatory permissions or registrations have been obtained.

11.8 **Sales, Liens, etc.**

The Seller shall not sell (or, if applicable, hold on trust), assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Security Interest upon or with respect to, the Purchased Receivables except as otherwise expressly required or provided for in this Agreement or any other Transaction Document, provided that nothing in this Clause 11.8 shall prohibit or restrict any

transfer or disposal of the legal title to any Purchased Receivable and Related Rights to the UK Sub at any time following its accession as an Additional Receivables Manager.

12. Termination Events

12.1 If at any time any of the following events (each a ***Seller Termination Event***) has occurred and is continuing, the Seller may (subject to Clause 12.5) terminate the Commitment Period with immediate effect by giving notice to the Purchaser:

(a) the sale of the Purchased Receivables by the Seller to the Purchaser ceases to be accounted for as a sale under either US GAAP for PPHI or under IFRS for the Seller as determined in good faith by the Seller's accountants in accordance with generally accepted accounting standards and guidance;

(b) the Purchaser does not pay on the due date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable in an aggregate amount of not less than Euro Equivalent [* * *] unless its failure to pay is caused by an administrative or technical error or a Disruption Event, and payment is made within five Business Days of its due date;

(c) the Purchaser does not comply with any material provision of this Agreement (other than any provision where the result of such non-compliance is the occurrence of the event specified in Clause 12.1(a) above) and any such non-compliance is unremedied and unwaived for 15 Business Days of the Purchaser being notified or becoming aware of such non-compliance;

(d) any representation made by the Purchaser in the form set out in Part C of Schedule 2 (*Purchaser Representations*) is or proves to have been incorrect or misleading in any material respect when required to be made and any such misrepresentation is unremedied and unwaived for 15 Business Days of the Purchaser being notified or becoming aware of such misrepresentation;

(e) an Insolvency Event has occurred in relation to the Purchaser;

(f) it is or becomes unlawful for the Purchaser to perform any of its obligations under this Agreement, provided that if it is or becomes unlawful for the Purchaser to purchase Receivables originated in a particular jurisdiction from the Seller, such event shall not constitute a termination event under this Clause 12.1 and instead this Agreement will continue save that the Purchaser shall no longer purchase any Receivables originated in such jurisdiction;

(g) the Purchaser repudiates or rescinds this Agreement or evidences an intention to repudiate or rescind this Agreement;

(h) the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager;

(i) it is or becomes unlawful for the Seller or the Receivables Manager to perform any of its obligations under this Agreement or the Receivables Management Agreement, or such

performance becomes in the opinion of the Seller, acting reasonably, materially more burdensome as a result of a change in applicable law and regulation (other than a law or regulation relating to Tax, as to which Clause 12.1(m) shall apply) and the Seller has provided a certificate signed by a director stating that there is no reasonable prospect of avoiding the circumstances giving rise to the Seller's performance becoming materially more burdensome and including reasonable detail as to such circumstances;

(j) [* * *]

(k) the Purchase Condition set out in Clause 2.6(f) is not satisfied on three or more consecutive Sale Notice Dates as a result of the Purchaser not having entered into hedging arrangements in respect of the sale of Receivables set out in a Sale Notice;

(l) [* * *]

(m) subject to Clause 12.5, a Tax Event has occurred for which either the Seller or the Receivables Manager is an Affected Party, provided that such Tax Event has or will have a material adverse effect on that Affected Party;

(n) a Change of Control occurs in respect of the Purchaser; or

(o) [* * *]

12.2 If at any time any of the following events (each a ***Purchaser Termination Event***) has occurred and is continuing, the Purchaser may (subject to Clause 12.5) terminate the Commitment Period with immediate effect by giving notice to the Seller:

(a) the Seller is in breach of any of its material obligations under this Agreement, provided that if such breach is caused by an error or omission of an administrative, personnel, system, technical, or operational nature and such breach is remedied within 15 Business Days, such event shall not constitute a Purchaser Termination Event under this Clause 12.2;

(b) the Seller does not pay on the due date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable in an aggregate amount of not less than Euro Equivalent [* * *] unless its failure to pay is caused by an administrative or technical error or a Disruption Event, and payment is made within five Business Days of its due date;

(c) any representation made by the Seller in the form set out in Part B of Schedule 2 (*Seller Representations*) is or proves to have been incorrect or misleading in any material respect when required to be made and any such misrepresentation remains unremedied or unwaived on the 15th Business Day after the date the Seller was notified or become aware of such misrepresentation;

(d) an Insolvency Event has occurred in relation to the Seller or PPHI;

(e) it is or becomes unlawful for the Seller to perform any of its obligations under this Agreement or the Receivables Management Agreement, provided that if it is or becomes unlawful for the

Seller to sell Receivables originated in a particular jurisdiction to the Purchaser, such event shall not constitute a Purchaser Termination Event under this Clause 12.2 and instead this Agreement will continue save that the Seller shall no longer offer to sell to the Purchaser any Receivables originated in such jurisdiction;

(f) the Seller repudiates or rescinds this Agreement or evidences an intention to repudiate or rescind this Agreement;

(g) it is or becomes unlawful for the Purchaser to perform any of its obligations under this Agreement, provided that if it is or becomes unlawful for the Purchaser to purchase Receivables originated in a particular jurisdiction from the Seller, such event shall not constitute a Purchaser Termination Event under this Clause 12.2 and instead this Agreement will continue save that the Purchaser shall no longer purchase any Receivables originated in such jurisdiction;

(h) subject to Clause 12.5, a Tax Event has occurred for which the Purchaser is an Affected Party, provided that such Tax Event has or will have a material adverse effect on the Purchaser; or

(i) the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager or the Receivables Manager has given notice of its resignation pursuant to the Receivables Management Agreement.

12.3 The Seller and the Purchaser each agree to take reasonable steps to mitigate the occurrence of any Termination Event.

12.4 Following termination of the Commitment Period, either pursuant to Clause 12.1 or Clause 12.2, or because the Commitment Period has otherwise ended, the provisions of this Agreement will nevertheless continue to apply in the case where the Purchaser still holds Receivables sold to it by the Seller prior to the Commitment Period ending.

12.5 In the event that a Tax Event has occurred, the Affected Party shall notify the other Parties and for a period of 30 days after the date of such notification, the Parties shall consult with each other and cooperate in good faith to agree such changes to the Transaction Documents as the Parties may agree (including changes to the Parties) in order to mitigate the effect of or reduce the additional Tax incurred by any Party as a result of the applicable Tax Event. If the Parties are unable to agree any such changes within that 30 day period (or such longer period as the Parties may in writing agree) (the ***Consultation Period***), the relevant Affected Party may exercise its termination right pursuant to Clause 12.1 or Clause 12.2, as applicable. Notwithstanding any contrary provision in the Transaction Documents, the Seller shall not offer any Receivables (and their Related Rights) for sale and assignment to the Purchaser during the Consultation Period.

13. Testing Phase

13.1 The Seller and the Purchaser agree that at any time on or following the Testing Period Commencement Date and prior to the delivery by the Seller of the first Back-Book Sale Notice, the Seller may at its discretion conduct a series of test sales of Receivables that satisfy the Eligibility Criteria (and, for the avoidance of doubt, paragraphs (9) and (10) of the Eligibility Criteria cannot be waived or otherwise

amended) up to an aggregate Purchase Price of Euro Equivalent [* * *] (each such Receivable, a ***Test Receivable***) subject to and in accordance with this Clause 13. If a Test Receivable does not satisfy any of the Loan Warranties (other than the Loan Warranty at paragraph 15 of Part A of Schedule 2 (*Loan Warranties*) relating to no adverse selection), the Seller shall within one month of the Seller becoming aware of the Test Receivable not satisfying any such Loan Warranty repurchase such Test Receivable for a repurchase price equal to the Current Balance of such Test Receivable as at the date of the repurchase.

13.2 The provisions of Clauses 2.1 (disregarding the requirement that the Purchase Conditions are satisfied or waived), 2.2, 2.3, 2.10, 2.11, 2.14, 9.16 and Schedule 7 (*Provisions relating to Sale of German Receivables*), Schedule 8 (*Provisions relating to Sale of French Receivables*), Schedule 9 (*Provisions relating to Spanish Law*), Schedule 10 (*Provisions relating to Sale of Italian Receivables*) and Schedule 11 (*Form of Notices*) shall each apply in respect of each sale of a Test Receivable. No other provision of this Agreement shall apply in respect of any Test Receivables, and, for the avoidance of doubt, the Seller shall have no obligation to repurchase from the Purchaser (save for pursuant to Clause 13.1 above or Clause 9.16 (*Repurchase for DE Pi30 Loan*)) or indemnify the Purchaser in respect of any Test Receivable pursuant to Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*) nor shall any breach of any provision of this Agreement in respect of any Test Receivable or its sale constitute a Purchaser Termination Event.

13.3 The Purchase Price payable for any Test Receivable shall be paid in accordance with Clause 7.1.

13.4 Any Collections received in respect of a Test Receivable which has been purchased by the Purchaser and which are received after the applicable Cut-Off Time for such Test Receivable shall be for the account of the Purchaser.

13.5 If there are any issues that arise during the testing phase, the Parties agree to consult with each other in good faith with a view to resolving any such issues in a timely manner.

13.6 Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, each of the Parties hereby agrees and confirms that the Purchase Price payable by the Borrower in respect of any Test Receivables shall not be payable on the Payment Date in accordance with Clause 5.2, but shall instead be paid on the earlier to occur of (i) the date on which the Purchase Price is paid in respect of Back-Book Receivables sold to the Purchaser on the first Back-Book Sale Date, and (ii) the date falling one month after the date of the delivery of the applicable Sale Notice in respect of those Test Receivables provided that the Seller and the Receivables Manager shall be under no obligation under this Agreement or the Receivables Management Agreement to make any Cash Sweep Payment of any Collections received in respect of any Test Receivables sold to the Purchaser until the Purchaser has paid in full the Purchase Price for all Test Receivables, and if the Purchase Price payable in respect of the Test Receivables is not paid when due in accordance with this Clause 13.6, the Seller shall be entitled to satisfy payment of Purchase Price for the Test Receivables by way of set-off against the Collections Sweep Payments that would otherwise be required to be made to the Purchaser.

14. VDR Representation

14.1 On the date of this Agreement, the Seller makes the following representations to the Purchaser:

(a) the following documents were as at the earlier of the date as at which that document is expressed to speak and the date such document is uploaded into the applicable VDR (if such document is undated) true and accurate and not misleading in all material respects:

(i) [* * *]

(ii) [* * *]

(iii) [* * *]

(iv) [* * *]

(v) [* * *]

(vi) [* * *]

(vii) [* * *]

(viii) [* * *]

(b) the following data, estimates and forecasts were, at the time they were prepared, prepared in good faith and based on the Seller's expectations as at the date thereof or the date such document is uploaded into the VDR (if such document is undated):

(i) [* * *]

(ii) [* * *]

(iii) [* * *]

(iv) [* * *]

(v) [* * *]

(vi) [* * *]

(vii) [* * *]

15. Brexit Options

15.1 **Additional Receivables Manager**

The Purchaser agrees that the UK Sub shall be entitled to become an Additional Receivables Manager in respect of the UK Receivables provided that the following conditions have been satisfied (or waived by the Purchaser) on or before the UK RM Accession Date:

(a) the Purchaser has received all of the documents and other evidence listed in Part A of Schedule 19 (*Additional Receivables Manager Conditions Precedent*) in relation to that Additional Receivables Manager in form and substance satisfactory to the Purchaser acting reasonably; and

(b) the Seller delivers to the Purchaser (with a copy to the Security Agent) a duly completed and executed Receivables Manager Deed of Accession.

Upon satisfaction of the conditions set out in this Clause 15.1, the Additional Receivables Manager shall accede to this Agreement and the Receivables Management Agreement on the date specified in the Receivables Manager Deed of Accession. The provisions of Part B of Schedule 5 (*From UK RM Accession Date*) in connection with the UK Receivables shall apply to this Agreement with effect from the UK RM Accession Date.

15.2 **Additional Seller**

(a) The Purchaser agrees that the UK Sub shall be entitled to become an Additional Seller under this Agreement in respect of the UK Receivables by the Seller delivering a Brexit Option Notice to the Purchaser (with a copy to the Security Agent) not less than 30 days prior to the date on which the Seller wishes the UK Sub to become an Additional Seller. The UK Sub shall become an Additional Seller with effect from the date specified in the Brexit Option Notice if:

(i) the Purchaser has received all of the documents and other evidence listed in Part A of Schedule 20 (*Additional Seller Conditions Precedent*) in relation to the UK Sub in form and substance satisfactory to the Purchaser acting reasonably. If the Seller is simultaneously requesting that the UK Sub becomes an Additional Receivables Manager pursuant to this Clause 15 (*Brexit Options*), then the Seller is obliged only to deliver the Additional Receivables Manager Conditions Precedent as set out in Part A of Schedule 19 (*Additional Receivables Manager Conditions Precedent*); and

(ii) the Seller delivers to the Purchaser (with a copy to the Security Agent) a duly completed and executed Additional Seller Deed of Accession.

(b) If the UK Sub becomes an Additional Seller pursuant to Clause 15.2(a), this Agreement shall be amended and restated in such form as may be required to allow the UK Sub to replace the Seller as seller of UK Receivables on terms equivalent to this Agreement with effect from the UK Seller Accession Date as specified in such Brexit Option Notice. The Seller and the Purchaser each agree to enter into such additional documents and to take such actions as may be reasonably required to give effect to this Clause 15.2. Any amendment and restatement of this Agreement shall not affect sales of Receivables or the rights of Parties arising or accruing under the terms of this Agreement prior to the UK Seller Accession Date.

(c) If the Seller does not elect to deliver a Brexit Option Notice as envisaged by Clause 15.2(a) but nevertheless wishes to make changes to this Agreement in light of the need to cater for Brexit, the Parties agree to negotiate in good faith any changes requested by the Seller to this Agreement, the Receivables Management Agreement and any Transaction Document, and/or to enter into any new documentation which the Seller considers to be necessary or desirable (acting reasonably) to reflect the post-Brexit structure that the Seller and the Seller Group elects to implement in light of applicable law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

(d) Nothing in this Clause 15.2 shall require the Purchaser to enter into any documentation to amend this Agreement that would result in the Purchaser having obligations that are more onerous than those it would have under this Agreement were it not amended or that would result in the Purchaser not having rights under this Agreement equivalent to those it would have were this Agreement not so amended (recognising however that there would be two separate sellers of Receivables).

16. Deposit, Costs and Expenses

16.1 [* * *]

16.2 [* * *]

16.3 [* * *]

16.4 [* * *]

16.5 [* * *]

16.6 [* * *]

16.7 [* * *]

17. Reimbursements

Where any Party is required by the terms of this Agreement to reimburse or indemnify any Party for any cost or expense, such Party shall reimburse or indemnify such other Party on an after-Tax basis for the full amount of such cost or expense, including such part thereof as represents Irrecoverable VAT.

18. Merger

Any term of this Agreement to which effect is not given on the relevant Title Transfer Date, (including in particular the liability of the Seller under the warranties set out in Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*)) shall not merge but shall remain in full force and effect notwithstanding the relevant Title Transfer Date.

19. No Agency or Partnership

It is hereby acknowledged and agreed by the Parties that nothing in this Agreement shall be construed as giving rise to any relationship of agency, save as expressly provided herein, or partnership between the Parties and that in fulfilling its obligations hereunder, each Party shall be acting entirely for its own account.

20. Payments

20.1 All payments to be made pursuant to this Agreement shall be made in sterling or euro (as applicable) in immediately available funds by electronic transfer on the due date for payment without exercising or seeking to exercise any right of set-off as may otherwise exist (save as provided in Clause 23 (*Withholdings and Set-off*)) and shall be deemed to be made when they are received by the payee and

shall be accounted for accordingly unless failure to receive any payment is due to an error by the payee's bank.

20.2 Any cash payment to be made pursuant to this Agreement by the Purchaser to the Seller shall be made to the Seller Bank Accounts.

20.3 Any cash payment to be made pursuant to this Agreement by the Seller to the Purchaser shall be made to the Purchaser Bank Accounts.

20.4 If any sum due for payment in accordance with this Agreement is not paid on the due date for payment, the person in default shall pay Default Interest on that sum from but excluding the due date to and including the date of actual payment calculated on a daily basis.

21. VAT

21.1 All sums or other consideration payable or otherwise provided by any Party pursuant to this Agreement are exclusive of any VAT which is properly chargeable on the supply or supplies made by such Party for which such sums or other consideration (or any part thereof) are the whole or part of the consideration for VAT purposes (irrespective of the recipient of such supply or supplies).

21.2 If any supply is treated as made for VAT purposes by a Party under or pursuant to this Agreement or any other Transaction Document, and that Party or its Affiliate is required to account for VAT in respect of that supply, the Party which is the recipient of that supply shall, subject to the receipt of a valid VAT invoice, pay to the first-mentioned Party (in addition to any other consideration for that supply) an amount equal to such VAT. Such payment shall be made within five (5) Business Days following receipt of a valid VAT invoice or, if later, the date on which any such consideration is payable.

22. Taxes

22.1 The Purchaser and the Seller shall each make all payments required to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.

22.2 Each of the Purchaser and Seller shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the other Parties accordingly.

22.3 If a Tax Deduction is required by law to be made from a payment made by the Purchaser or the Seller (the ***Payor***) under this Agreement, the amount of the payment shall be increased to an amount which (after making any Tax Deduction) leaves the recipient of such payment (the ***Recipient***) with an amount equal to the payment which would have been due if no Tax Deduction had been required. If the Payor pays an additional amount under this Clause 22.3 and the Recipient subsequently obtains a Relief or other refund of Tax or credit against Tax by reason of the Tax Deduction which gave rise to that additional amount, the Recipient shall reimburse the Payor with an amount such as the Recipient shall reasonably determine to be such proportion of the said Relief, refund or credit as shall leave it (on an affiliated-group basis) after such reimbursement in no better or worse position than it would have been in had no Tax Deduction been required.

22.4 If the Purchaser or the Seller is required to make a Tax Deduction, it shall make that Tax Deduction and any payment to any Tax Authority required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law. Each Party shall take such reasonable procedural steps as the other Party may request to enable a payment made under this Agreement without, or with a reduced, Tax Deduction.

22.5 The Purchaser shall pay and bear the cost of all stamp duty, registration and other similar transfer Taxes (***Transfer Taxes***) payable by either Party in connection with the execution and delivery of this Agreement and the Receivables Management Agreement, except in each case any such Taxes arising in connection with (a) a voluntary registration of this Agreement or the Receivables Management Agreement by the Seller or the Receivables Manager with the *Administration de l'Enregistrement, des Domaines et de la TVA* or any other Tax Authority, (b) registration by the Seller or the Receivables Manager of any Transaction Document in Luxembourg or any Relevant Jurisdiction when such registration is not required to enforce the rights of the Seller or the Receivables Manager under that Transaction Document, or (c) a "*caso d'uso*" or "*enunciazione*" for Italian Tax purposes, insofar as they result from an act of the Seller.

22.6 The Purchaser shall indemnify the Seller on demand against any Taxes suffered by or incurred by the Seller in connection with any Purchased Receivables (including, for the avoidance of doubt, any Taxes payable by the Seller in respect of amounts received or receivable (or deemed to be received or receivable) by the Seller on account of the Purchased Receivables), excluding in all cases (a) any Transfer Taxes, (b) any Taxes calculated by reference to the net income, profits or gains received or receivable (or deemed to be received or receivable) by the Seller in respect of any amount payable to it by the Purchaser under this Agreement, and (c) any Taxes relating to Collections to which the Seller is entitled (i) pursuant to Clause 9.18 or (ii) in respect of a Receivable repurchased under Clause 9.10.

22.7 Notwithstanding anything to contrary, the provisions of this Clause 22 shall survive any termination of this Agreement.

23. Withholdings and Set-off

23.1 All sums payable under this Agreement or for breach of any of the provisions of this Agreement shall be paid free and clear of all deductions or withholdings (including any Tax Deductions) whatsoever, save only as provided in Clauses 2.7, 2.15, 7.2, 5.3, 9.17, 9.20, 9.21, 16.1, 16.2, 16.4, 22 (*Taxes*), Part C of Schedule 3 and Paragraph 2 of Schedule 7 of this Agreement, [* * *], or as required by applicable law.

23.2 Save only as provided expressly in Clauses 2.7, 2.15, 5.3, 7.2, 9.17, 9.20, 9.21, 16.1, 16.2, 16.4, 22 (*Taxes*), Part C of Schedule 3 and Paragraph 2 of Schedule 7 of this Agreement and [* * *], each Party waives and relinquishes any right of set-off or counterclaim, deduction or retention which it might otherwise have out of any payments which it may be obliged to make (or procure to be made) to any other Party pursuant to this Agreement or otherwise.

24. Assignment and Secondary Sale of Receivables

24.1 Subject to Clauses 24.2 and 24.3 in respect of which circumstances no consent is required, no Party hereto shall be entitled to assign all or any part of its right or obligations hereunder to any other party without the prior written consent of each of the other Parties hereto (which shall not, if requested, be unreasonably withheld), save that the Security Agent may assign if necessary its rights under this Agreement to a successor or additional trustee appointed under the Security Documents.

24.2 The Purchaser shall be entitled to assign by way of security all or any of its rights under this Agreement without such consent to the Security Agent pursuant to the Security Documents.

24.3 [* * *]

25. Security Agent Provisions

25.1 If there is any change in the identity of the Security Agent in accordance with the Security Documents, the Seller and the Purchaser shall execute such documents and take such action as the new trustee and the outgoing trustee may require for the purpose of vesting in the new trustee the rights, powers and obligations of the outgoing trustee, and releasing the outgoing trustee from its future obligations, under this Agreement.

25.2 Nothing in this Agreement shall impose any obligation or liability on the Security Agent to assume or perform any of the obligations or liabilities of the Purchaser, the Seller or the Receivables Manager hereunder or render it liable for any breach thereof.

25.3 The exercise or performance by the Security Agent of its rights, remedies or functions under this Agreement are subject in all respects to the terms of the Master Framework Agreement and the Security Documents. The Security Agent has agreed to become a party to this Agreement only for the purpose of taking the benefit of contractual provisions expressed to be given in its favour, enabling better preservation and enforcement of its rights under this Agreement and the Security Documents and for administrative ease associated with matters where its consent is required. The Security Agent shall not assume any liabilities or obligations under this Agreement unless such obligation or liability is expressly assumed by the Security Agent in this Agreement. All the provisions of the Master Framework Agreement and the Security Documents relating to the exercise by the Security Agent of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Security Agent of its powers, trusts, authorities, duties, rights and discretions under this Agreement. In the event of any inconsistency between the terms of the Master Framework Agreement, the Security Documents and this Agreement in respect of the exercise by the Security Agent of the powers, trusts, authorities, duties, rights and discretions only, the terms of the Master Framework Agreement shall prevail.

26. Confidentiality

26.1 Subject to Clause 26.2, each party to this Agreement agrees at all times that it shall keep confidential and will not disclose to any person, firm or company whatsoever any information (including, without limitation, any technology, know-how, patent application, test result, research study, business plan, budget, model, algorithm, policy, data set, management information, commercial information, product

information, forecast or projection) relating directly or indirectly to the business, finances or other matters of a confidential nature of any party to the Transaction Documents (or any predecessor entity), which it may have obtained as a result of the execution or performance of any Transaction Document, provided however that the provisions of this Clause 26 shall not apply:

(a) to the disclosure of any information to the Security Agent or to any other person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;

(b) to the disclosure of any information by such party to the Class C Lender or [* * *] or any of their respective Affiliates, or Affiliates' officers, directors, employees, partners, investment partners, existing and prospective funding sources (which may include the limited partners or clients of the participating funds), advisors, auditors and insurers (each a Representative) on a need to know basis, provided that such Representative is bound by an obligation of confidentiality in respect thereto;

(c) to the disclosure of any information by such party to any of its Affiliates; provided that before any such disclosure, the party shall make the relevant employees of the Affiliate aware of their obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees;

(d) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient (such wrongful conduct includes a breach of this Clause 26.1);

(e) to the extent that such disclosure or use is required pursuant to any law or order of any court, any arbitral or judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or to enable a determination to be made by the accountants of any parties under this Agreement, or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Tax Authority (including in connection with the Tax affairs of the disclosing party or any Affiliate) or is necessary or desirable having regard to applicable stock exchange rules (including those stock exchanges on which the shares of any party or its Affiliates are listed) and guidelines or any industry guidelines or industry best practice adopted by owners of consumer unsecured loans;

(f) to the disclosure of any information to professional advisers (including, without prejudice to the generality of the foregoing, consultants, accountants, auditors, financial advisors or lawyers) who receive the same under a duty of confidentiality;

(g) to the disclosure of any information by the Seller to a credit check agency or credit bureau engaged in the ordinary course of business of the Seller;

(h) to the disclosure of any information to a potential source of finance provided that before any such disclosure, such potential source of finance shall enter into a direct confidentiality undertaking with the Seller and its Affiliates in form and substance satisfactory to the Seller;

(i) to the disclosure of any information with the prior written consent of the relevant Party;

(j) to any disclosure for the purposes of collecting in or enforcing any Receivable;

(k) to any disclosure or use which is required to vest the full benefit of the relevant Transaction Document in any party;

(l) to any disclosure made by or on behalf of any of the Parties hereto, the Class C Lender or [* * *] to any Rating Agency;

(m) in the case of the Security Agent, in connection with transferring or purporting to transfer its rights and obligations to a successor Security Agent;

(n) in the case of the Purchaser, the information was already in the possession of the Purchaser from a source that, to the Purchaser's best knowledge and belief does not owe a duty of confidentiality to the Seller or its Affiliates with respect to such information;

(o) the information is independently developed without use or reference to this Agreement or the other Transaction Documents or without use or reference to any information supplied to it pursuant to or in connection with this Agreement or the other Transaction Documents;

(p) to the extent that the Security Agent needs to disclose the same for the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith, to such persons as require to be informed of such information for such purposes;

(q) for the purpose of discharging, in such manner as the Security Agent thinks fit, its duties under or in connection with the Transaction Documents;

(r) in the case of the Seller, to publish any press release in connection with this Agreement on or around the date of this Agreement for the purposes of disclosing the arrangement to the markets in a form agreed by the Purchaser (such agreement not to be unreasonably withheld or delayed);

(s) to the extent that the recipient needs to disclose the same to any of the employees of the Seller provided that before any such disclosure the Seller shall make the employees of the Seller aware of its obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees; and

(t) to the extent the information is independently developed without use or reference to any information relating to the business, finances or other matters of a confidential nature or any other Party of which it may have come into possession in the course of its duties hereunder or otherwise.

26.2 Notwithstanding the rights conferred pursuant to Clause 26.1, neither Party may disclose information to any other party where such disclosure would breach any terms relating to data protection in this Agreement, or in the Receivables Management Agreement, or any applicable law or regulation, including the Data Protection Legislation.

27. Data Protection

27.1 Each Party shall:

(a) to the extent applicable to them, comply with the Data Protection Legislation to the extent that such Party processes any Personal Data in respect of the Receivables, and

(b) not use any Personal Data other than in accordance with the privacy information given to the Borrower at the time their Personal Data was collected.

27.2 Prior to the provision of a Borrower Notice:

(a) the Seller shall remain controller (as that term is defined in the GDPR, or in the case of the UK, the UK GDPR) in respect of Personal Data relating to the Receivables and related Borrowers;

(b) the Seller and the Receivables Manager shall not transfer any Personal Data to, or take instructions relating to Personal Data from, any other Party, or Parties in connection with this Agreement;

(c) any information provided by the Seller or the Receivables Manager to any other Party shall be fully anonymised; and

(d) the Purchaser and Security Agent agree that they shall not carry out, or attempt, any activity on any information received under this Agreement (whether directly, or indirectly) that is aimed at, or results in, the attributing of information to an identified or identifiable natural person, including by combining the information received with any other information available to that Party.

27.3 Upon the provision of a Borrower Notice:

(a) the Seller shall:

(i) in respect of the Personal Data in connection with the Purchased Receivables subject to such Borrower Notice, immediately cease acting as controller as regards any processing of such Personal Data, and shall only process such Personal Data in accordance with the terms of the Receivables Management Agreement; and

(ii) if instructed by Purchaser, or the Security Agent, transfer the Records, including all Personal Data held in connection with the Records, to such person as the Purchaser, or the Security Agent, shall direct;

(b) the Purchaser shall:

(i) in respect of any Personal Data processed in connection with the Receivables and any Related Rights in relation to which, and to the extent that, it will take on the role of independent controller, comply with the Data Protection Legislation requirements applicable to it as a controller, including, with respect to obligations in relation to lawfulness, fairness and transparency (including ensuring that on-time, compliant

disclosures on data processing are provided to Borrowers), integrity and confidentiality, and Borrowers' exercise of their data subjects' rights; and

(ii) enter into appropriate data protection arrangements in accordance with Data Protection Legislation with any person engaged as to process the Borrowers' Personal Data, including with any receivables management provider engaged to manage the receivables.

28. Entire Agreement

28.1 This Agreement and the schedules together constitute the entire agreement and understanding between the Parties in relation to the subject matter of this Agreement and cancel and replace any other previous draft, agreement or understanding in relation to such subject matter.

28.2 Each Party agrees that:

(a) it has not entered into this Agreement in reliance upon any statement, representation, warranty or undertaking of any other Party which is not expressly set out or referred to in this Agreement or any other Transaction Document;

(b) except in respect of an express representation or warranty under this Agreement or any other Transaction Document, it shall not have any claim or remedy (whether in equity, contract, delict or tort, under the Misrepresentation Act 1967 or in any other way) in respect of any misrepresentation or breach of warranty by any other Party or in respect of any untrue statement by any other Party, regardless of whether such misrepresentation, breach or untrue statement was made, occurred or was given prior to the execution of this Agreement or any of the Transaction Documents;

(c) any terms or conditions implied by law in any jurisdiction in relation to the transaction contemplated by this Agreement and/or the Transaction Documents are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;

(d) the only right or remedy of any Party in relation to any provision of this Agreement or any other Transaction Document shall be for breach of this Agreement or the relevant Transaction Document; and

(e) except for any liability in respect of a breach of this Agreement or any other Transaction Document, no Party shall owe any duty of care or have any liability in tort or otherwise to any other Party in relation to the transaction contemplated by this Agreement and/or the Transaction Documents.

28.3 Nothing in this Clause 28 shall have the effect of excluding, limiting or restricting any liability for fraudulent misrepresentation or any liability of any person arising as a result of any wilful default, fraud, illegal dealing, negligence or material breach of this Agreement or any Transaction Document or breach of trust by such person.

29. Amendments and Waivers

29.1 No amendment or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by each of the Parties hereto.

29.2 Except as expressly provided in this Agreement, no failure or delay by any Party in exercising any right or remedy relating to this Agreement or any of the other Transaction Documents shall affect or operate as a waiver or variation of that right or remedy or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy. The remedies in this Agreement are cumulative and not exclusive of any remedies provided by law.

30. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to the Seller such that the Seller shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Agreement (but subject always to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*)).

31. Notices

31.1 Any notice or communication to be given under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by letter or electronic communication (including email).

31.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any notice, communication or document to be made or delivered under or in connection with this Agreement is:

(a) in the case of the Seller or the Receivables Manager, to it at:

Address: 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg

Email: [* * *]

Attention: [* * *]

(b) in the case of the Purchaser, to it at:

Address: 2, rue Edward Steichen, L-2540 Luxembourg-City, Luxembourg

Email: [* * *]

Attention: [* * *]

(c) in the case of the Security Agent, to it at:

Address: 160 Queen Victoria Street, London EC4V 4LA, United Kingdom

Email: [* * *]

Attention: [* * *]

or any substitute address or email address or for the attention as the relevant Party may notify to all of the other Parties by not less than seven days' notice.

31.3 Any notice, communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Clause 31.2, if addressed to that department or officer.

31.4 Any notice, communication or document which becomes effective, in accordance with Clause 31.3, after 5.00 p.m. Luxembourg time in the place of receipt shall be deemed only to become effective on the following day.

31.5 Any notice or communication under or in connection with this Agreement may be made by electronic mail or other electronic means. Any such electronic communication will be effective only when actually received in readable form.

31.6 Any electronic communication which becomes effective, in accordance with Clause 31.5, after 5.00 p.m. Luxembourg time in the place of receipt shall be deemed only to become effective on the following day.

31.7 Notwithstanding Clauses 31.3 to 31.6, the Parties agree that any Sale Notice delivered by the Seller to the Purchaser under or in connection with this Agreement will be effective at the point in time at which such Sale Notice has been uploaded to an electronic platform that is accessible by the Purchaser and a notification has been made by email or other means to notify the Purchaser that such Sale Notice has been uploaded.

31.8 Any notice given under or in connection with this Agreement must be in English.

32. Bail-In

32.1 Contractual recognition of bail-in

Notwithstanding any other term of any Transaction Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of the Seller and/or the Receivables Manager to any other Party under or in connection with the Transaction Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Transaction Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

32.2 Bail-in definitions

In this Clause 32:

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the Luxembourg law of 5 April 1993 on the financial sector and the Luxembourg law of 18 December 2015 on the default of credit institutions and certain investment firms and any other law or regulation, or circulars applicable in Luxembourg relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers.

Write-down and Conversion Powers means:

(i) any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any law or regulation in effect in Luxembourg, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, including but not limited to the Bail-In Legislation and Regulation (EU) No 806/2014 and the instruments, rules and standards created thereunder, pursuant to which: (a) any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period); and (b) any right in a contract governing an obligation of a bank or investment firm or affiliate of a bank or investment firm may be deemed to have been exercised; and

(ii) any similar or analogous powers under that Bail-In Legislation.

33. Third Party Rights

A person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

34. Severability

Where any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Agreement, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

35. Counterparts and Spanish notarisation

35.1 This Agreement may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail shall be an effective mode of delivery.

35.2 The Seller and the Purchaser shall raise this Agreement into the status of the Spanish public document through an *escritura pública* before a Spanish notary on or before the first Back-Book Sale Date. Any notary's fees and expenses derived from such notarisation shall be borne by the Seller.

36. Limited Recourse and Non-petition

36.1 **Limited recourse: Purchaser**

Notwithstanding any of the provisions of this Agreement or any other Transaction Document, each of the parties to the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that all obligations of the Purchaser (in any capacity) under or in connection with the Transaction Documents to which the Purchaser is expressed to be a party are limited recourse and sums payable to it in respect of any of the Purchaser's obligations shall be limited to the Purchaser's assets that are available to the Purchaser, subject to and in accordance with the Security Documents and the Priorities of Payment, and if the net proceeds of realisation of the security constituted by the Security Documents are less than the aggregate amount payable by the Purchaser to the Facility Providers and any other Secured Creditors in respect of its obligations under or in connection with the Transaction Documents (such negative amount being referred to herein as a "shortfall"), the amount payable by the Purchaser to the Receivables Manager, the Facility Providers and each other Secured Creditor in respect of the Purchaser's obligations under or in connection with such Transaction Document shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Security Documents and the Priorities of Payment, and such parties shall not (directly or indirectly) be entitled to take any further steps against the Purchaser to recover such shortfall, which shall be deemed to be automatically extinguished.

36.2 **Non-petition: Purchaser**

The parties to this Agreement and the Transaction Documents (other than the Purchaser) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Purchaser, or join in any institution against the Purchaser of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings, or appoint any liquidator, administrator, receiver, examiner, trustee, sequestrator or any

similar officer under any applicable bankruptcy or similar law in connection with any obligations of the Purchaser under or in connection with this Agreement and the Transaction Documents. For the avoidance of doubt, nothing in this Clause 36.2 shall prevent the Security Agent enforcing the security constituted by the Security Documents in accordance with its terms, provided that in connection with any such enforcement neither the Security Agent nor any receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Purchaser, save for lodging a claim in the liquidation, administration, or such similar proceedings, of the Purchaser which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Purchaser in relation thereto.

36.3 **Corporate obligations: Purchaser**

Each of the parties to this Agreement and the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that no recourse under any obligation, covenant, or agreement of the Purchaser contained in any Transaction Document or implied therefrom may be sought by it against any shareholder, officer, agent, employee or manager of the Purchaser, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that this Agreement and the Transaction Documents are corporate obligations of the Purchaser only. Each of the parties hereto (other than the Purchaser) hereby acknowledges and agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or managers of the Purchaser, or any of them, under or by reason of any of the obligations, covenants or agreements of the Purchaser contained in any Transaction Document (including this Agreement), or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or manager for breaches by the Purchaser of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or manager is hereby deemed expressly waived by the parties hereto.

36.4 The provisions of this Clause 36 (*Limited Recourse and Non-petition*) shall survive the termination of this Agreement and the other Transaction Documents.

37. Luxembourg Securitisation Act

Each of the Seller and the Security Agent expressly acknowledges and accepts, and will be deemed to have accepted and acknowledged, that the Purchaser is subject to the Securitisation Act 2004. Each of the Seller and the Security Agent expressly acknowledges and accepts that once all the assets of the Purchaser have been realised, it is not entitled to take any further steps against the Purchaser to recover any further sums due and the right to receive any such sum shall be extinguished. Each of the Seller and the Security Agent accepts not to attach or otherwise seize the assets of the Purchaser. In particular, neither the Seller nor the Security Agent shall be entitled to petition or take any other step for the winding-up, the liquidation or the bankruptcy of the Purchaser or any similar insolvency related proceedings. In case of a conflict between the provisions of this Clause 37 and the other provisions of this Agreement, the provisions of this Clause 37 shall prevail.

38. Governing Law and Jurisdiction

38.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, English law (other than any terms of this Agreement specific to the law of any other Relevant Jurisdiction, which shall be construed in accordance with such Relevant Jurisdiction).

38.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Agreement (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

38.3 The Seller and Receivables Manager shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be [* * *] and any claim form, judgment or other notice of legal process shall be sufficiently served on the Seller and Receivables Manager if delivered to such agent at its address for the time being. The Seller and Receivables Manager irrevocably undertakes not to revoke the authority of this agent and if, for any reason, any Party requests the Seller and Receivables Manager to do so, it shall promptly appoint another such agent with an address in England and advise the other Parties. If, following such a request, the Seller and Receivables Manager fails to appoint another agent, any other Party shall be entitled to appoint one on behalf of the Seller and Receivables Manager at the Seller and Receivables Manager 's expense.

38.4 The Purchaser shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be Maples Fiduciary Services (UK) Limited of 11th Floor, 200 Aldersgate Street, London EC1A 4HD and any claim form, judgment or other notice of legal process shall be sufficiently served on the Purchaser if delivered to such agent at its address for the time being. The Purchaser irrevocably undertakes not to revoke the authority of this agent and if, for any reason, the Seller requests the Purchaser to do so, it shall promptly appoint another such agent with an address in England and advise the Seller. If, following such a request, the Purchaser fails to appoint another agent, the Seller shall be entitled to appoint one on behalf of the Purchaser at the Purchaser’s expense.

38.5 The Class C Lender shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be Maples Fiduciary Services (UK) Limited of 11th Floor, 200 Aldersgate Street, London EC1A 4HD and any claim form, judgment or other notice of legal process shall be sufficiently served on the Class C Lender if delivered to such agent at its address for the time being. The Class C Lender irrevocably undertakes not to revoke the authority of this agent and if, for any reason, the Seller requests the Class C Lender to do so, it shall promptly appoint another such agent with an address in England and advise the Seller. If, following such a request, the Class C Lender fails to appoint another

agent, the Seller shall be entitled to appoint one on behalf of the Class C Lender at the Class C Lender's expense.

Schedule 1
Initial Conditions Precedent

Part A Seller Initial Conditions Precedent

1. A duly executed copy of this Agreement, the Receivables Management Agreement, [* * *] and the [* * *].

2. A copy of its constitutional documents.

3. An up-to-date excerpt of the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) dated no earlier than one Business Day prior to the date of this Agreement.

4. A copy of the Seller's managing general partner's (PayPal (Europe) S.à r.l.) constitutional documents.

5. An up-to-date excerpt of the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) in respect of the Seller's managing general partner (PayPal (Europe) S.à r.l.) dated no earlier than one Business Day prior to the date of this Agreement.

6. An up-to-date certificate of non-inscription of a judicial decision ("*certificat de non-inscription d'une décision judiciaire ou de dissolution administrative sans liquidation*") issued by REGINSOL, the Register of insolvability (*Registre de l'insolvabilité*) of Luxembourg dated no earlier than one Business Day prior to the date of this Agreement.

7. A copy of a resolution of a duly appointed committee of the board of managers of the general partner of the Seller:

   (a) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;

   (b) authorising a specified person or persons to execute the Transaction Documents to which it is a party on its behalf; and

   (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any utilisation request and selection notice) to be signed and/or despatched by it under or in connection with the Transaction Documents to which it is a party.

8. A copy of a resolution of the supervisory board of the Seller approving the entry by the Seller into the Transaction Documents to which it is a party.

9. Evidence of the authority of the Seller's signatories to enter into this Agreement, the relevant transactions hereunder and the related documents to which it is a party.

10. A certificate of solvency in relation to the Seller substantially in the form set out at Schedule 12 (*Form of Seller Solvency Certificate*).

11. [* * *]

12. [* * *]

13. A transaction legal opinion of [* * *], legal advisers to the Seller in Luxembourg, substantially in the form distributed to the Purchaser prior to signing this Agreement.

14. A transaction legal opinion of [* * *], legal advisers to the Seller in England, substantially in the form distributed to the Purchaser prior to signing this Agreement.

15. A transaction legal opinion of [* * *], legal advisers to the Seller in France, substantially in the form distributed to the Purchaser prior to signing this Agreement.

16. A transaction legal opinion of [* * *], legal advisers to the Seller in Germany, substantially in the form distributed to the Purchaser prior to signing this Agreement.

17. A transaction legal opinion of [* * *], legal advisers to the Seller in Italy, substantially in the form distributed to the Purchaser prior to signing this Agreement.

18. A transaction legal opinion of [* * *], legal advisers to the Seller in Spain, substantially in the form distributed to the Purchaser prior to signing this Agreement.

19. [* * *]

20. [* * *]

21. A legal opinion of [* * *], legal advisers to the Seller as to New York law in relation to the [* * *] substantially in the form distributed to the Purchaser prior to signing this Agreement.

22. Copies of the English Standard Documentation, German Standard Documentation, French Standard Documentation, Spanish Standard Documentation and Italian Standard Documentation.

23. A legal opinion of [* * *], legal advisers to the Seller in England, as to certain matters relating to the English Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.

24. A legal opinion of [* * *], legal advisers to the Seller in Germany, as to certain matters relating to the German Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.

25. A legal opinion of [* * *], legal advisers to the Seller in France, as to certain matters relating to the French Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.

26. A legal opinion of [* * *], legal advisers to the Seller in Spain, as to certain matters relating to the Spanish Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.

27. A legal opinion of [* * *], legal advisers to the Seller in Italy, as to certain matters relating to the Italian Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.

28. A reliance letter delivered by [* * *] in respect of a Luxembourg memorandum dated 27 October 2022 in relation to advanced electronic signatures under Luxembourg law.

29. A copy of this Agreement raised to the status of a Spanish public document through an *escritura pública* before a Spanish notary by the Seller, such *escritura pública* being entered into by the Seller, the Purchaser, the Security Agent and the Class C Lender only (and no other party to this Agreement).

30. The Asset Model in form and substance satisfactory to the Purchaser.

31. The form and substance of the Receivables Management Report satisfactory to the Purchaser.

32. [* * *]

33. [* * *]

Part B Purchaser Initial Conditions Precedent

1. A duly executed copy of each of the Transaction Documents, other than this Agreement and the Receivables Management Agreement.

2. Evidence that all documents relating to any financing required by the Purchaser to satisfy the Purchase Condition set out in Clause 2.6(f) of this Agreement have been executed and that all conditions precedent to such documents (other than any documents to be provided by the Seller as set out in Part A of this Schedule 1) have been satisfied or waived by the Class A Lenders, the Class B Lenders and the Class C Lender (as applicable).

3. A certificate of solvency in relation to the Purchaser in substantially the form set out at Schedule 13 (*Form of Purchaser Solvency Certificate*).

4. A copy extract of the board approval pursuant to which it authorises the execution of this Agreement and the other Transaction Documents to which it is a party.

5. Evidence of the authority of the Purchaser's signatories to enter into this Agreement, the relevant transactions hereunder and the related documents to which it is a party.

6. An authority and capacity opinion of [* * *], legal advisers to the Purchaser in Luxembourg, substantially in the form distributed to the Seller prior to signing this Agreement.

7. A copy of this Agreement raised to the status of a Spanish public document through an *escritura pública* before a Spanish notary by the Purchaser, such *escritura pública* being entered into by the Seller and the Purchaser only (and no other party to this Agreement).

8. The Asset Model in form and substance satisfactory to the Seller.

9. The form and substance of the Receivables Management Report satisfactory to the Seller.

10. [* * *]

Schedule 2
Representations and Warranties

Part A Loan Warranties

1. Each Receivable is an Eligible Receivable.

2. The Underwriting Policies were adhered to at the time of origination of each Receivable.

3. The Loan Agreement for each Receivable constitute a legal, valid and binding obligation of the Borrower that is enforceable in accordance with its terms subject to the limitation of enforcement by (i) laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors, (ii) the time barring of claims under any applicable legislation and (iii) defences of set-off or counterclaim.

4. Each Receivable has been originated by the Seller in the normal course of business and has been substantially made on the terms of the Standard Documentation applicable thereto at the time of origination.

5. Immediately prior to the relevant Title Transfer Date, the Seller was the absolute owner of the Receivable and the Seller has not assigned (whether by way of absolute assignment, assignation or by way of security only), transferred, charged, disposed of or dealt with the benefit of the Receivable, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to this Agreement other than pursuant to this Agreement.

6. As at the date of origination:

   (a) the terms of, and the origination steps taken in respect of, the Receivable including as to promotions, pre-contractual disclosures (where applicable) and entry into of the loan, complied with all applicable laws and regulations to the extent necessary to ensure that the relevant Receivable was enforceable under its governing law and the relevant Borrower was obliged to pay interest (if applicable) and repay principal on the dates specified in accordance with the Loan Agreement in respect of such Receivable; and

   (b) the Seller had all necessary consents, authorisations, approvals, licences and orders to originate the Receivable (if any).

7. Each Receivable has been administered by the Seller in accordance with applicable laws and regulations and terms of the Loan Agreement, save where a failure of such administration would not adversely affect the enforceability, transferability or collectability of such Receivable.

8. To the extent interest is charged on a Receivable, interest on such Receivable (if applicable) is charged on such Receivable in accordance with the provisions of that Receivable and/or in accordance with statutory interest provisions.

9. Each Receivable is assignable and transferable without the Borrower's consent.

10. As far as the Seller is aware, at its Sale Notice Date, no rescission, lien or right of counterclaim has been created or arisen between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Receivable and no right of set-off has been exercised by the Borrower which has not been reflected in the Receivables balance as set out in the applicable Sale Notice provided to the Purchaser pursuant to Clause 7 (*Completion*) of this Agreement.

11. Each Receivable was originated by the Seller in sterling or euro, is denominated in sterling or euro and is repayable in sterling or euro.

12. Each Receivable is governed by either the laws of England and Wales, Germany, France, Spain or Italy.

13. Save as described in the Conditions Legal Opinions, all formal approvals, consents and other steps (other than notification to the relevant Borrower) necessary to permit a transfer of each Receivable and the Related Rights to be sold under this Agreement have been obtained or taken and each Receivable and the Related Rights are freely assignable and no formal approvals, consents or other steps (other than notification to the relevant Borrower) are necessary as at the Title Transfer Date to permit a transfer of each Receivable and the Related Rights, and the Receivable and the Related Rights are not subject to any contractual confidentiality restrictions which may restrict the ability of the Purchaser to acquire the same.

14. The particulars of each Receivable in the Sale Notice provided to the Purchaser pursuant to Clause 7 (*Completion*) of this Agreement are complete, true and accurate as at the applicable Sale Notice Date.

15. In selecting each Receivable for sale to the Purchaser, the Seller has not knowingly selected such Receivable on the basis that it is of a lower credit quality or otherwise less likely to perform than Receivables retained by the Seller and the Receivable has not been selected in a way that is intended to adversely affect, or has the effect of adversely affecting, the Purchaser or the Portfolio.

16. In respect of each Receivable, the Seller's obligations under the related Loan Agreement have been fully performed (save in respect of any Further Disbursements) and the Seller has not breached the related Loan Agreement in any way that would adversely affect the validity, enforceability or collectability of such Receivable.

17. Each Receivable is a contractually unsubordinated obligation of the Borrower.

18. The Borrower is not required by law to make any Tax Deduction under the law of any Relevant Jurisdiction from any payment the Borrower owes and is obliged to pay in respect of each Receivable.

19. No registration, stamp, or other similar Taxes or duties are payable in any Relevant Jurisdiction or Luxembourg as a result of the assignment, transfer and/or re-transfer of the Receivables and the perfection of the transfer of the legal title to the Receivables, in each case pursuant to the Transaction Documents, except in case of any such Taxes or duties arising as a result of (a) the voluntary registration of this Agreement or the Receivables Management Agreement by the Purchaser with (i) the *Administration de l'Enregistrement, des Domaines et de la TVA* or (ii) any other Tax Authority, or (b) a "caso d'uso" or "enunciazione" for Italian Tax purposes, insofar as they result from an act of the Purchaser.

Part B Seller Representations

1. **Status**

It is a corporate partnership limited by shares duly incorporated, validly existing and registered under the laws of Luxembourg, capable of being sued in its own right and not subject to any immunity from

any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. **Powers and Authority**

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. **Legal Validity**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

(a) the Legal Reservations; and

(b) in the case of any Security Document, the Perfection Requirements.

4. **Non-conflict**

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not, to its knowledge:

(a) conflict with any document which is binding upon it or any of its assets;

(b) conflict with its constitutional documents; or

(c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. **Consents and Licences**

All consents, licences and other approvals and authorisations required by it in connection with:

(a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and

(b) the origination and administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consent, licence or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them and/or the validity, enforceability or collectability or transferability of the Receivables.

6. **Solvency**

No Insolvency Event has occurred with respect to it.

7. **Residence for Tax Purposes**

It is a corporate partnership limited by shares which is and has, since incorporation, been resident for Tax purposes solely in Luxembourg and it is not liable to be taxed on its profits in any jurisdiction other than Luxembourg.

8. **Corporate income tax and VAT**

It is a corporate partnership limited by shares (a) established and registered in Luxembourg for VAT purposes; and (b) within the charge to corporate income tax in Luxembourg in respect of amounts payable to it by the Purchaser pursuant to the terms of this Agreement.

9. **Validity and admissibility in evidence**

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect (or will be when required).

10. **Governing law and enforcement**

(a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.

(b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. **Centre of Main Interests**

(a) The place of the central administration (*siège de l'administration centrale*) of the Seller, the principal place of business (*principal établissement*) of the Seller, the place where the Seller conducts the administration of its interests on a regular basis and which is ascertainable by third parties and the Seller's registered office (*siège statutaire*) are all in Luxembourg.

(b) It has no place of operations where it carries out a non-transitory economic activity with human means and assets in any jurisdiction other than Luxembourg.

12. **Anti Bribery**

The Seller has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. **Money Laundering**

The Seller and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Seller nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding

with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Seller is aware, pending or threatened.

14. **Sanctions**

Neither the Seller, nor (to the knowledge of the Seller) any of its managers, officers or, its agents, employees or persons acting on its behalf:

(a) has been found in violation of any applicable Sanctions in the last three years; or

(b) is a Restricted Person.

Any provision of this Paragraph 14 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. **Restricted Countries**

It is the policy of the Purchaser as at the Signing Date not to conduct business in or with North Korea, Syria, Sudan, the Crimea, Cuba, Iran, and Donetsk People's Republic, the disputed territories of Kherson and Zaporizhzzhia and Luhansk People's Republic regions of Ukraine (each a ***Restricted Country***), in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Seller, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzzhia regions of Ukraine in relation to Purchased Receivables only.

Part C Purchaser Representations

1. **Status**

It is a company duly incorporated, validly existing and registered under the laws of Luxembourg, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. **Powers and Authority**

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. **Legal Validity**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

(a) the Legal Reservations; and

(b) in the case of any Security Document, the Perfection Requirements.

4. **Non-conflict**

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not:

(a) conflict with any document which is binding upon it or any of its assets;

(b) conflict with its constitutional documents; or

(c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. **Consents and Licences**

All consents, licences and other approvals and authorisations required by it in connection with:

(a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and

(b) the administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect.

6. **Solvency**

No Insolvency Event has occurred with respect to it.

7. **Residence for Tax Purposes**

It is a company which is and has, since incorporation, been resident for Tax purposes solely in Luxembourg and it is not liable to be taxed on its profits in any jurisdiction other than Luxembourg.

8. **Corporate income tax and VAT**

It is a company (a) established and registered (or which will prior to the Closing Date be registered) in Luxembourg for VAT purposes and (b) within the charge to corporate income tax in Luxembourg in respect of amounts payable to it pursuant to the terms of this Agreement.

9. **Validity and admissibility in evidence**

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect (or will be when required).

10. **Governing law and enforcement**

(a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.

(b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. **Centre of Main Interests**

(a) It has its "centre of main interests" (as that term is used in Article 3(1) of the Insolvency Regulation) in Luxembourg.

(b) It has no "establishment" (as that term is used in Article 2(10) of the Insolvency Regulation) in any jurisdiction other than Luxembourg.

12. **Anti Bribery**

The Purchaser has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. **Money Laundering**

The Purchaser is, and has been since its incorporation, in material compliance with all applicable Anti-Money Laundering Laws. Since its incorporation, the Purchaser has not been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Purchaser is aware, pending or threatened.

14. **Sanctions**

Neither the Purchaser nor (to the knowledge of the Purchaser) any of its managers, officers or, its agents, employees or persons acting on its behalf:

(a) has been found in violation of any applicable Sanctions since the Purchaser's incorporation; or

(b) is a Restricted Person.

Any provision of this Paragraph 12 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. **Restricted Countries**

It is the policy of Purchaser as at the Signing Date not to conduct business in or with any Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Purchaser, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf.

Schedule 3
Sale and Settlement of Back-Book Receivables

Part A Agreement for Sale and Purchase of the Back-Book Receivables

1. [* * *]

2. [* * *]

3. Subject to the requirements of Clause 4.1 of this Agreement having been satisfied by each of the Seller and the Purchaser, the Seller agrees to sell and assign to the Purchaser all of the right, title and interest (present or future) in, and to, the Back-Book Receivables (and their respective Related Rights) by delivering one or more Back-Book Sale Notices to the Purchaser. Each Back-Book Sale Notice shall be delivered not less than [* * *] Business Days before the Back-Book Sale Date on which the Back-Book Receivables set out in that Back-Book Sale Notice are proposed to be sold to the Purchaser (such date, a ***Back-Book Sale Notice Date***). The Purchaser hereby agrees to purchase and accepts the purchase of such Back-Book Receivables on each Back-Book Sale Date subject to the Back-Book Purchase Conditions being satisfied or waived by agreement in writing between the Seller and the Purchaser on such Back-Book Sale Notice Date.

4. The Purchaser shall pay the Estimated Back-Book Purchase Price in respect of the Back-Book Receivables specified in a Back-Book Sale Notice to the Seller on the Back-Book Sale Date specified in such Back-Book Sale Notice.

5. The transfer of all right, title and interest in and to the Back-Book Receivables specified in a Back-Book Sale Notice (and all Related Rights) to be sold by the Seller to the Purchaser will take effect immediately upon receipt by the Seller of the applicable Estimated Back-Book Purchase Price in full (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Estimated Back-Book Purchase Price).

6. The purchase conditions for the Back-Book Receivables (the ***Back-Book Purchase Conditions***) are the following:

   (a) the Back-Book Sale Date is within the Commitment Period;

   (b) the Back-Book Representations are true in all material respects on a Back-Book Sale Notice Date;

   (c) the Back-Book Repeating Representations are true in all respects as at the applicable Back-Book Sale Notice Date and will be true in all respects as at the transfer of all right, title and interest in and to the Back-Book Receivables pursuant to Paragraph 5 of Part A of this Schedule 3 (*Sale and Settlement of Back-Book Receivables*);

   (d) the Seller is not in material breach of its obligations under this Agreement as at the Back-Book Sale Notice Date and will not be in material breach of its obligations under this Agreement as at the transfer of all right, title and interest in and to the Back-Book Receivables pursuant to Paragraph 5 of Part A of this Schedule 3 (*Sale and Settlement of Back-Book Receivables*), in each case which (in the case only of a material breach caused by an error or omission of an administrative, personnel, system, technical or operational nature) has not been remedied within ten Business Days;

   (e) the Concentration Limits in respect of the Back-Book Portfolio are satisfied as at the first Back-Book Sale Notice Date;

(f) in relation to Back-Book Receivables, the aggregate of:

(i) in respect of Back-Book Receivables arising from Loan Agreements which are fully disbursed as at the relevant Back-Book Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such Back-Book Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Back-Book Sale Notice setting out such Back-Book Receivables; and

(ii) in respect of Back-Book Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Back-Book Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Back-Book Sale Notice setting out such Receivables,

is less than or equal to the Available Commitment as at the Sale Notice Date; and

(g) the Purchaser having funds available to it for the payment of the Estimated Back-Book Purchase Price in accordance with the Transaction Documents on the date when payment of such Estimated Back-Book Purchase Price is due.

7. It shall be a term of the sale of each of the Back-Book Receivables (and any Related Rights) that the Seller shall sell and assign to the Purchaser all right, title, interest and benefit of the Seller (both present and future) in, to and under the Back-Book Receivables and any Related Rights (but without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event), including for the avoidance of doubt:

(a) all sums of principal, interest or any other sum payable under the Back-Book Receivables on or after or in respect of any period on or after the applicable Sale Time of such Back-Book Receivables including all sums of interest and other sums payable and the right to demand, sue for, recover, receive and give receipts for all such sums;

(b) the benefit of and the right to sue on all covenants and undertakings in favour of the Seller in each Back-Book Receivable and any Related Rights and the right to exercise all powers of the Seller in relation to each Back-Book Receivable and any Related Rights;

(c) all arrears payable under or in connection with the Back-Book Receivables; and

(d) all net proceeds (after any applicable costs and expenses that are agreed may be deducted in accordance with the terms of the Receivables Management Agreement) from the enforcement of the Back-Book Receivables and any Related Rights,

provided that (i) at no time prior to the provision of a Borrower Notice will identifiable Personal Data be transferred or otherwise made available to the Purchaser in respect of any Back-Book Receivables or Borrowers thereunder; (ii) the benefit and/or the right to receive any interest due and payable prior to applicable Sale Time shall not be transferred to the Purchaser in respect of any Back-Book

Receivables; and (iii) the benefit and/or the right to receive any NSF Fee applicable in respect of any Back-Book Receivable shall not be transferred to the Purchaser.

8. The Parties confirm that the sale of the Back-Book Receivables and any Related Rights in accordance with this Agreement is intended to constitute a true sale of those Back-Book Receivables and Related Rights and not a loan or a security arrangement for any obligation of the Seller. Notwithstanding any other provision of the Transaction Documents, the Purchaser shall have full title and interest in and to the Back-Book Receivables and any Related Rights purchased by the Purchaser in accordance with this Agreement and the Purchaser shall be free to further dispose of those Back-Book Receivables and Related Rights subject to the Security Interests created by, and any restrictions to which it is subject under, the Security Documents and any other Transaction Document, provided always that notice of such sale and purchase will not be given to Borrowers prior to the occurrence of a Notification Event.

9. Each Back-Book Receivable shall be sold subject to and in accordance with the terms and subject to the conditions of this Agreement and the Relevant Local Schedule for such Back-Book Receivable, save for the provisions in Clauses 2 (*Agreement for Sale and Purchase of the Receivables*), 4 (*Conditions Precedent*), 5 (*Consideration*), 7 (*Completion*), 9.1 and 9.2 of this Agreement which shall not apply in respect of the sale of Back-Book Receivables. In the event of any conflict between the terms of this Agreement and the Relevant Local Schedule, the terms of the Relevant Local Schedule shall prevail.

10. The Seller shall, following a sale of Back-Book Receivables set out in a Back-Book Sale Notice, deliver a notice to the Purchaser setting out the confirmed loan balances of such Back-Book Receivables as sold to the Purchaser (a ***Back-Book Confirmation Notice***) no later than [* * *] Business Days following the latest Sale Time for such Back-Receivables specified in the relevant Back-Book Sale Notice.

Part B Consideration

1. The aggregate consideration to be provided by the Purchaser to the Seller for the sale and assignment of all Back-Book Receivables together with all Related Rights is the aggregate Actual Back-Book Purchase Price payable in respect of all of the Back-Book Receivables, consists of the aggregated Estimated Back-Book Purchase Price as adjusted by the aggregated True-Up Adjustment and any amount calculated as payable in accordance with Paragraph 4A below.

Part C Completion

1. The Purchaser shall pay the Estimated Back-Book Purchase Price for the Back-Book Receivables specified in a Back-Book Sale Notice on the relevant Back-Book Sale Date specified in that Back-Book Sale Notice.

2. Within five Business Days after the latest Sale Time for such Back-Book Receivables specified in the relevant Back-Book Sale Notice, the Seller shall deliver to the Purchaser a notice (the ***True-Up Adjustment Notice***), stating the amount of the True-Up Adjustment, which shall be calculated by the Seller as the difference between (i) the Estimated Back-Book Purchase Price for the Back-Book Receivables specified in the relevant Back Book Sale Notice and (ii) the aggregate the Principal Balance of each Back-Book Receivable set out in the Back-Book Sale Notice as at the Sale Time for that Back-Book Receivable multiplied by the Purchase Price Ratio for that Back-Book Receivable (the ***Actual Back-Book Purchase Price***). Each such True-Up Adjustment may require a payment from either the Purchaser (if the relevant Actual Back-Book Purchase Price is greater than the relevant Estimated Back-Book Purchase Price for such Back-Book Receivables) or the Seller (if the relevant Actual Back-Book Purchase Price is less than the Estimated Back-Book Purchase Price for such Back-Book Receivables) to the other Party.

3. If:

(a) the True-Up Adjustment Notice requires a payment to be made by the Seller to the Purchaser, the Seller shall cause an amount equal to the True-Up Adjustment to be transferred to the Purchaser within five Business Days of delivery of the True-Up Adjustment Notice; and

(b) the True-Up Adjustment Notice requires a payment to be made by the Purchaser to the Seller, the Purchaser shall cause an amount equal to the True-Up Adjustment to be transferred to the Seller on the next Payment Date relating to a Sale Notice, or failing which within five Business Days of receipt of the True-Up Adjustment Notice.

4. Notwithstanding any other rights the Seller may have under this Agreement, if the Purchaser fails to pay the True-Up Adjustment by the later of: (i) five Business Days of receipt of the True-Up Adjustment Notice; and (ii) the Payment Date following delivery of such True-Up Adjustment Notice, to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such True-Up Adjustment against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):

(a) any Collections due to be transferred to the Purchaser by the Seller in respect of the Back-Book Receivables or any other Receivables then owned by the Purchaser; and/or

(b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

4A. In addition, on or before the first Monthly Reporting Date following the latest Sale Time of any Back Book Receivable sold on a Back-Book Sale Date (the [* * *]), the Class C Lender will calculate the difference between:

(i) the Actual Back-Book Purchase Price applicable to all Back-Book Receivables sold on that Back-Book Sale Date that are DE PayPal Ratenzahlung ([* * *]); and

(ii) the aggregate of the Principal Balances of each Back-Book Receivable set out in the applicable Back-Book Sale Notice that are DE PayPal Ratenzahlung as at the Sale Time [* * *],

such amount being the ***DE PayPal Ratenzahlung Reconciliation Amount***.

If the amount calculated in paragraph 4A.(i) above is greater than the amount calculated in Paragraph 4A(ii) above the Seller shall pay to the Purchaser an amount equal to the DE PayPal Ratenzahlung Reconciliation Amount on the first Settlement Date falling not earlier than [* * *] Business Days after the relevant DE PayPal Ratenzahlung Reconciliation Date (the [* * *]) provided that the Purchaser may satisfy the amount so owed by the Seller to the Purchaser by way of set-off of the DE PayPal Ratenzahlung Reconciliation Amount against any Purchase Price then payable by the Purchaser under this Agreement.

If the amount calculated in Paragraph 4A(i) above is less than the amount calculated in Paragraph 4A(ii) above the Purchaser shall pay to the Seller an amount equal to the DE PayPal Ratenzahlung Reconciliation Amount on the DE PayPal Ratenzahlung Payment Date provided that the Seller may satisfy the amount so owed by the Purchaser to the Seller by way of set-off of the DE PayPal Ratenzahlung Reconciliation Amount against:

(a) any Collections due to be transferred to the Purchaser by the Seller in respect of the Back-Book Receivables or any other Receivables then owned by the Purchaser; and/or

(b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

5. Following the applicable Sale Time for a Back-Book Receivable:

(a) the Seller will account to the Purchaser for all sums received by the Seller after the applicable Sale Time which belong to the Purchaser (including, without limitation, any sums received from any Borrower) under or in respect of the Back-Book Receivables which were sold and transferred to the Purchaser at the applicable Sale Time and the Seller will hold the same on trust for the Purchaser as trustee pending such amounts being paid to the Purchaser; and

(b) the Purchaser shall hold all Third Party Amounts received by it on trust for the Seller or such other third party beneficial owner of such sums, as the case may be.

6. With effect from the applicable Sale Time, the Seller shall continue to observe and perform, or procure the observance and performance of, any obligation to the Borrowers in respect of a Back-Book Receivable and any Related Rights transferred at the applicable Sale Time in accordance with their terms.

Part D Representations and Loan Warranties

1. Save to the extent Disclosed against in the Disclosure Letter, the Seller, in relation to each Back-Book Receivable and any Related Rights purchased by the Purchaser, gives the Loan Warranties to the Purchaser and the Security Agent on a Back-Book Sale Notice Date.

2. The Seller makes representations in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent on a Back-Book Sale Date.

3. The Purchaser makes representations in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent on a Back-Book Sale Date.

Schedule 4
Standard Documentation

[* * *]

Schedule 5
Underwriting Policies

[* * *]

Schedule 6
Provisions relating to Sale of UK Receivables

This Schedule 6 and any non-contractual obligations arising out of or in connection with this Schedule 6 shall be governed by English law.

Part A Prior to UK RM Accession Date

1. The Seller as legal title holder with full title guarantee undertakes to the Purchaser and the Security Agent that, pending perfection of the transfer to the Purchaser (or as it shall direct) of legal title to any UK Receivables in accordance with Clause 8 (*Notification of Sales*), it:

   (a) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;

   (b) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed), exercise such discretion in accordance with the policies applicable to the UK Receivables and this Agreement or, where the applicable policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;

   (c) at any time when the Seller and the Receivables Manager are separate entities, shall provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.

2. For the avoidance of doubt, prior to the perfection of the assignment or transfer (as appropriate) of any UK Receivable and any Related Rights to the Purchaser, legal title to each such Receivable and its Related Rights purchased by the Purchaser pursuant to this Agreement shall be vested in the Seller and after its purchase by the Purchaser, sole beneficial title and interest shall be vested in the Purchaser.

3. Prior to perfection of the transfer of the legal title to any UK Receivable and its Related Rights, the Seller undertakes (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under (a) such Receivable and its Related Rights, following the acquisition of such Receivable and its Related Rights by the Purchaser and (b) any sums that are or may become due in respect thereof, on trust for the Purchaser.

4. In connection with any transfer of any legal title to any UK Receivable and its Related Rights in accordance with Clause 8 (*Notification of Sales*), the Seller shall:

   (a) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the legal title transferee is identified as the claimant or pursuer;

   (b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower; and

   (c) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

art B From UK RM Accession Date

With effect from the UK RM Accession Date,

1. references to "Receivables" in this Agreement shall refer to the EU Receivables and the UK Receivables unless otherwise specified;

2. references to the "Receivables Manager" in this Agreement shall refer to the EU Receivables Manager in connection with the EU Receivables and the UK Receivables Manager in connection with the UK Receivables;

3. if the Switch Notice has not been delivered prior to the UK RM Accession Date, the Seller (on behalf of itself and the UK Sub following agreement with the UK Sub) shall deliver the Switch Notice to the Purchaser at least 30 days prior to the Sale Notice Date on which the Seller wishes the Settlement Date Title Transfer Option to apply to all future sales of Receivables (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)) to the Purchaser;

4. the Purchaser agrees that upon the UK RM Accession Date, the Seller shall have a right to transfer legal title to the UK Receivables which have been purchased by the Purchaser to the UK Sub, subject to the Purchaser's beneficial interests in such UK Receivables;

5. in connection with the UK Receivables only, the following Clauses shall be amended and replaced as follows (for the avoidance of doubt, the following Clauses shall continue to apply in their unamended form in connection with the EU Receivables):

   (a) *Clause 7.2*

   "In respect of UK Further Disbursements which are included in a Further Disbursement Confirmation Notice, the relevant Purchase Price shall be due and payable by the Purchaser to the Seller on the relevant Payment Date, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Purchase Price against any Collections Sweep Payment (whether before or after the end of the Commitment Period) in respect of the UK Further Disbursements due to be made by the UK Receivables Manager under the Receivables Management Agreement in the same currency on such day (with the UK Receivables Manager's obligation to account to the Purchaser for such Collections Sweep Payment being reduced by a corresponding amount). To the extent the amount of any Collections Sweep Payment due to be made on such day in respect of the UK Further Disbursements is insufficient to be applied and set-off so as to settle the relevant Purchase Price in full, any non-payment in full of the Purchase Price for such UK Further Disbursements shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any unpaid Purchase Price by applying the Collections Sweep Payment in respect of the UK Further Disbursements on the next following Business Day and thereafter until the Purchase Price is settled in full.";

   (b) *Clause 8.1(a)*

   "the UK Sub being required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or organisation whose members include consumer or other unsecured lenders of which the UK Sub is a member or with whom it is customary for the UK Sub to comply, to notify the relevant Borrower of the transfer of any UK Receivables and Related Rights in favour of the Purchaser;";

   (c) *Clause 8.2(a)*

"subject to Clause 8.2(b), the UK Sub is not required to give any formal notice of the assignment of, or of its interest in, any UK Receivable or any Related Rights whether to any Borrower or to any other person at any time prior to the occurrence of a Notification Event, and following a Notification Event unless instructed to do so by the Purchaser or the Security Agent (as applicable);";

(d) *Clause 8.2(d)*

"at no time prior to a Borrower Notice will Personal Data in respect of any Borrowers be requested to be shared by the Seller or the UK Sub (or any outsourced service providers thereof) with the Purchaser or the Security Agent.";

(e) *Clause 12.1(h)*

"the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager or the UK Receivables Manager has given notice of its resignation pursuant to the Receivables Management Agreement;";

(f) *Clause 12.1(i)*

"it is or becomes unlawful for the UK Receivables Manager to perform any of its obligations under this Agreement or the Receivables Management Agreement, or such performance becomes in the opinion of the UK Receivables Manager, acting reasonably, materially more burdensome as a result of a change in applicable law and regulation (other than a law or regulation relating to Tax, as to which Clause 12.1(m) shall apply) and the UK Receivables Manager has provided a certificate signed by a director stating that there is no reasonable prospect of avoiding the circumstances giving rise to the UK Receivables Manager's performance becoming materially more burdensome and including reasonable detail as to such circumstances;";

(g) *Clause 27.2(b)*

"the UK Receivables Manager shall not transfer any Personal Data to, or take instructions relating to Personal Data from, any other party, or parties in connection with this Agreement;" and

(h) *Clause 27.2(c)*

"any information provided by the UK Receivables Manager to any other party shall be fully anonymised; and".

6. in connection with the UK Receivables only, the following paragraphs in Part A of Schedule 2 (*Loan Warranties*) shall be amended and replaced as follows (for the avoidance of doubt, the following paragraphs shall continue to apply in their unamended form in connection with the EU Receivables):

(a) *Paragraph 4*

"Each UK Receivable has been originated by the UK Sub in the normal course of business and has been substantially made on the terms of the Standard Documentation applicable thereto at the time of origination.";

(b) *Paragraph 5*

"Immediately prior to the relevant Title Transfer Date, the Seller was the absolute beneficial owner of the UK Receivable (with the UK Sub being the legal title holder) and neither the

Seller not the UK Sub has assigned (whether by way of absolute assignment, assignation or by way of security only), transferred, charged, disposed of or dealt with the benefit of the UK Receivable, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to this Agreement other than pursuant to this Agreement.";

(c) *Paragraph 6*

"As at the date of origination:

(i) the terms of, and the origination steps taken in respect of, the UK Receivable including as to promotions, pre-contractual disclosures (where applicable) and entry into of the loan, complied with all applicable laws and regulations to the extent necessary to *ensure* that the relevant UK Receivable was enforceable under its governing law and the relevant Borrower was obliged to pay interest (if applicable) and repay principal on the dates specified in accordance with the Loan Agreement in respect of such UK Receivable; and

(ii) the UK Sub *had* all necessary consents, authorisations, approvals, licences and orders to originate the UK Receivable (if any).";

(d) *Paragraph 7*

"Each UK Receivable has been administered by the UK Sub in accordance with applicable laws and regulations and terms of the Loan Agreement, save where a failure of such administration would not adversely affect the enforceability, transferability or collectability of such UK Receivable."; and

(e) *Paragraph 11*

"Each UK Receivable was originated by the UK Sub in sterling, is denominated in sterling and is repayable in sterling."; and

7. in connection with the UK Receivables only, paragraph 22 in Schedule 14 (*Eligibility Criteria*) shall be amended and replaced as follows (for the avoidance of doubt, the following paragraph shall continue to apply in its unamended form in connection with the EU Receivables):

"As at the date of origination of the UK Receivable, the aggregate of:

(a) the total outstanding Principal Balance of all Eligible Products owed to the UK Sub by the Borrower, and

(b) the Original Commitment Amount for such UK Receivable less the amount of any expected initial instalment payment for such UK Receivable,

is less than or equal to the Shadow Limit applicable in respect of such UK Receivable.".

Schedule 7
Provisions relating to Sale of German Receivables

[* * *]

Schedule 8
Provisions relating to Sale of French Receivables

1. The Seller gives, on the date hereof, the following Loan Warranty in relation to each French Receivable and any Related Rights purchased by the Purchaser, by reference to the facts and circumstances existing at the date of this Agreement and based on its actual knowledge: no French Receivable constitutes "*crédits à la consommation*" within the meaning of articles L.312-1 *et seq.* of the French *Code de la consommation*.

2. For the purpose of the application of the Eligibility Criteria set out in paragraph 14 of Schedule 14 (*Eligibility Criteria*), the bankruptcy or insolvency in relation to a Borrower under any French Receivable shall refer to over-indebtedness (*situation de surendettement*) as defined in article L. 711-1 of the French *Code de la consummation*.

3. The Parties agree that the Sale Notice and the Back-Book Sale Notice each constitutes a sale agreement in writing evidencing the sale of the French Receivables ("*écrit constatant la cession de créances*") in accordance with article 1322 of the French *Code civil*.

4. The French Receivables and any Related Rights will be assigned (*cédées*) pursuant to this Agreement in accordance with articles 1321 *et seq.* of the French *Code civil* (the ***Assignment***), and the Assignment will be enforceable (*opposable*) against third parties (*tiers*) in accordance with article 1323 of the French *Code civil*:

   (a) with respect to any Receivables (and Related Rights) transferred under a SND Title Transfer Option or with respect to any Further Disbursement, from the applicable Sale Notice Date for the relevant Receivable or the relevant Further Disbursement;

   (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, from the applicable Payment Date for the relevant Receivable; and

   (c) with respect to any Back-Book Receivables (and Related Rights), from the applicable Back-Book Sale Notice Date for the relevant Back-Book Receivable.

5. The Seller undertakes to the Purchaser and the Security Agent that, subject to the provisions of Clause 8.2, it:

   (a) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;

   (b) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed) exercise such discretion in accordance with the Seller's policies and this Agreement or, where the Seller's policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;

(c) at any time when the Seller and the Receivables Manager are separate entities, provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.

6. Following delivery of a Borrower Notice, the Seller shall:

(a) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the Purchaser is identified as the claimant or pursuer;

(b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower;

(c) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

7. Any reassignment and retransfer of any French Receivables and any Related Rights pursuant to Clause 9.10 (*Repurchase for breach of Loan Warranties*) or Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and Fraud*) will be made in accordance with articles 1321 et seq. of the French *Code civil*. In accordance with article 1323 of the French *Code civil*, any such reassignment and retransfer will be enforceable (*opposable*) against third parties (*tiers*) from the relevant Repurchase Date applicable to the relevant Repurchase Notice.

8. Each of the Parties agree that the provisions of article 1195 of the French Code Civil shall not apply to it with respect to its obligations under this Agreement (and in particular this Schedule 8) and it shall not be entitled to make any claim under such article 1195 in this respect.

9. This Schedule 8 and any non-contractual obligations arising out of or in connection with this Schedule 8 shall be governed by French law.

Schedule 9
Provisions relating to Spanish Law

Part A Provisions relating to Sale of Spanish Receivables

With respect to Spanish Receivables only, the following provisions shall supplement or modify (as the case may be) the relevant provisions of this Agreement:

1. The Spanish Receivables and the Related Rights will be assigned and the legal title thereto transferred pursuant to this Agreement:

   (a) with respect to (i) any Receivables (and Related Rights) transferred under a SND Title Transfer Option at the applicable Sale Time for the relevant Receivable;

   (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, immediately upon receipt by the Seller of the applicable Purchase Price in full;

   (c) with respect to any Back-Book Receivables (and Related Rights), immediately upon receipt by the Seller of the Estimated Back-Book Purchase Price for such Back-Book Receivables in full; and

   (d) subject to Clause 2.16 and provided that the title to the Receivable to which such Further Disbursement relates has been transferred to the Purchaser, with respect to any Further Disbursement immediately on the date on which such Further Disbursement is advanced by the Seller,

   each in accordance with the provisions of articles 1,526 to 1,536 of the Spanish Civil Code (*Código Civil*) and articles 347 and 348 of the Spanish Commercial Code (*Código de Comercio*), to the extent applicable.

2. The Seller and the Purchaser agree for all legal purposes that the transfer of the Spanish Receivables and any Related Rights, to the extent perfected pursuant to the terms of this Agreement, shall be deemed documented by the Seller and the Purchaser as follows:

   (a) SND Title Transfer Option: through the relevant Sale Notice, as it may be amended and complemented by the relevant Confirmation Notice;

   (b) Settlement Date Title Transfer Option: through the relevant Sale Notice;

   (c) in respect of any Further Disbursements, through the relevant Further Disbursement Confirmation Notice; and

   (d) in respect of any Back-Book Receivables, through the Back-Book Sale Notice.

3. As soon as reasonably practicable following the occurrence of a Notification Event, and, in any event, no later than fifteen (15) Business Days thereafter, the Parties will appear before a Spanish notary in order to raise the relevant Sales Notices and Confirmation Notices relating to the outstanding Spanish Receivables (documented as provided for in paragraph 2 above) to the status of a Spanish public document. Any notary's fees and expenses derived from such notarisation shall be borne by the Seller.

4. With respect to any Spanish Receivable, the Seller has not sub-contracted to any third party the execution of its obligations under the relevant contract.

5. The Seller undertakes to the Purchaser and the Security Agent that, subject to the provisions of Clause 8.2, it:

(a) shall observe and perform the obligations of the lender arising under each such Receivable;

(b) shall, where any discretion is reserved to it at law in relation to such Receivables, exercise such discretion in accordance with the Seller's policies and this Agreement or, where the Seller's policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions; and

(c) at any time when the Seller and the Receivables Manager are separate entities, provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.

6. Following the Security Agent's request directed to the Seller pursuant to Clause 8.6, the Seller shall include a mention to the Security Document consisting of the pledge over Spanish Receivables in the Borrower Notice substantially on the following terms (and an equivalent Spanish translation):

"The Receivable so assigned is also subject to a pledge created in favour of certain secured creditors pursuant to the pledge agreement entered into between, amongst others, Alps Partners, S.à r.l., as pledgor and BNY Mellon Corporate Trustee Services Limited, as security agent, before the Spanish notary originally dated on [●] (as extended and supplemented from time to time)."

7. Following delivery of a Borrower Notice, the Seller shall:

(a) arrange for any claim form relating to any litigation in respect of a relevant Receivable to be amended so that the Purchaser is identified as the claimant or pursuer;

(b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower;

(c) co-operate with the Purchaser and (where applicable) the Security Agent in respect of any migration of the relevant Receivables.

8. As an additional Eligibility Criteria, Spanish Receivables are not (i) contentious claims ("*créditos litigiosos*") for the purposes of article 1,535 of the Spanish Civil Code (*Código Civil*), or (ii) Draft Instruments.

9. For purposes of interpreting the Loan Warranties, and, in particular and to the extent applicable, for the purposes of Section 1,532 of the Spanish Civil Code (*Código Civil*), the Seller agrees and acknowledges that the Loan Warranties are given by the Seller in relation to each of the Spanish Receivables individually, and not in relation to the Portfolio as a whole.

10. On or before the first Back-Book Sale Date, the Seller will grant a power of attorney to the Purchaser substantially in the form set out in Part B of Schedule 9 (*Form of Purchaser Power of Attorney in respect of security (Spanish Law)*).

11. Notwithstanding Clause 38 (*Governing Law and Jurisdiction*) of this Agreement, the *in rem* aspects of any transfer of Spanish Receivables shall be governed by Spanish law ("*derecho común español*").

12. This Schedule 9 and any non-contractual obligations arising out of or in connection with this Schedule 9 shall be governed by generally applicable Spanish law ("*derecho común español*").

Part B Form of Purchaser Power of Attorney in respect of security (Spanish Law)

PODER NOTARIAL IRREVOCABLE A FAVOR DE
ALPS PARTNERS S.À R.L.

NUMERO:

En la ciudad de Madrid, a [●] de [●] de 2023.

Ante mí, [●], Notario del Ilustre Colegio de Madrid, debidamente autorizado y en ejercicio de mis funciones notariales,

COMPARECE

[El Sr./La Sra.] [●], mayor de edad, de nacionalidad [●], domiciliado en [●].

INTERVIENE

En nombre y representación de **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.** con domicilio social en 22-24 Boulevard Royal, L-2449, Luxemburgo (Luxemburgo) e inscrita en el Registro Mercantil de Luxemburgo (*Registre de commerce et des sociétés*) con el número B118349 (en lo sucesivo, la "**Sociedad**").

[Datos relativos a la capacidad y representación del otorgante]

Identifico al otorgante por sus datos personales y su firma y yo, el Notario, doy fe de que los mismos coinciden con los datos personales y la firma que aparecen en este documento.

EXPONE

(A) Que, de conformidad con un contrato-marco de cesión de créditos, suscrito con el nombre de *Receivables Purchase Agreement* en fecha [*] de [junio] de 2023 por, entre otros, la Sociedad como Cedente (*Seller*) y Administrador de Créditos (*Receivables Manager*), ALPS PARTNERS S.À R.L. como Cesionario (*Purchaser*) y Prestamista de Clase C (*Class C Lender*), BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED como Agente de Garantías (*Security Agent*) y AVEGA S.À R.L. como Administrador de Créditos de Apoyo (*Back-Up Receivables Manager Facilitator*), la Sociedad cederá periódicamente al Cesionario ciertos derechos de crédito (en lo sucesivo, los "**Créditos Cedidos**" (*Receivables*)).

(B) Que, en relación con el *Receivables Purchase Agreement*, la Sociedad ha acordado otorgar un poder irrevocable a favor del Cesionario para que éste pueda ejercitar las facultades relacionadas a continuación.

(C) Los términos en castellano cuya traducción al inglés se acompaña entre paréntesis tendrán el mismo significado que en el *Receivables Purchase Agreement*.

OTORGA

PRIMERO.- En nombre y representación de la Sociedad, confiere poder tan amplio en derecho como fuera necesario a **ALPS PARTNERS S.À R.L.**, sociedad válidamente constituida y existente de acuerdo con las leyes de Luxemburgo, con domicilio social en 2, rue Edward Steichen, L- 2540 Luxemburgo (Luxemburgo) e inscrita en el Registro Mercantil de Luxemburgo (*Registre de commerce et des sociétés*) con el número B277050 (el "**Apoderado**") para que en nombre y representación de dicha Sociedad, y con posterioridad a que tenga lugar un Evento de Notificación (*Notification Event*, tal y como se define en el *Receivables Purchase Agreement*) pueda:

(i) Ejercitar cuantos derechos, facultades y acciones correspondan a la Sociedad en relación con los Créditos Cedidos (*Receivables*), así como los Derechos Accesorios (*Related Rights*) relativos a los mismos.

(ii) Otorgar y llevar a cabo cuantos documentos, públicos o privados, y actuaciones fueren necesarias para la defensa de cuantos derechos e intereses correspondan a ALPS PARTNERS S.À R.L. en virtud del *Receivables Purchase Agreement* (incluyendo los relativos a los Créditos Cedidos, así como con los Derechos Accesorios de los mismos).

(iii) Otorgar y llevar a cabo cuantos documentos públicos o privados, y actuaciones fueren necesarias para la plena eficacia, aun frente a terceros, y efectividad de la cesión de los Créditos Cedidos y de los Derechos Accesorios relativas a los mismos en virtud y de conformidad con el *Receivables Purchase Agreement* en favor de ALPS PARTNERS S.À R.L. o de cualquier sucesor o cesionario de éste en la titularidad de los Créditos Cedidos.

(iv) Notificar a los correspondientes Deudores (*Borrowers*) todas y cada una de las cesiones de Créditos Cedidos que hayan tenido lugar entre el Cesionario y la Sociedad al amparo del *Receivables Purchase Agreement*, así como otorgar cuantos documentos públicos y privados sean necesarios para la constancia en documento público de cada una de dichas cesiones.

(v) Reclamar judicial y extrajudicialmente y cobrar cualesquiera cantidades vencidas y exigibles por razón de los Créditos Cedidos y/o de los Derechos Accesorios relativos a los mismos, así como pagar dichas cantidades, una vez cobradas, a las partes con derecho a ello en virtud del *Receivables Purchase Agreement*.

(vi) Una vez cobradas las cantidades a que se refiere el apartado (v) anterior, dar a sus pagadores eficaz carta de pago por dichas cantidades.

(vii) Cumplir cualquier obligación o compromiso asumido por la Sociedad en virtud de, o en relación con, el *Receivables Purchase Agreement* y ejercer cuantos derechos, facultades y acciones correspondan a la Sociedad en virtud del mismo.

(viii) Sustituir y/o delegar en el ejercicio de las facultades conferidas en virtud del presente poder (incluida asimismo la facultad de delegación y sustitución) (a) en cualquier persona jurídica que forme parte de su grupo de empresas o (b) en cualquier persona física que sea empleado o directivo de cualquiera de las empresas que formen en cada momento parte de su grupo o (c) en cualquier cesionario en la titularidad de los Créditos Cedidos, en el entendido de que el Apoderado responderá de la actuación de dichos sustitutos o delegados como si tal delegación o sustitución no hubiere tenido lugar.

(ix) Llevar a cabo cuantas actuaciones y suscribir cuantos documentos públicos y privados estime necesarios o convenientes para el ejercicio de las facultades conferidas en los apartados (i) a (viii) anteriores.

Las facultades antedichas se conceden incluso para los supuestos de autocontratación, aun a favor de terceros.

SEGUNDO.- Las facultades conferidas al apoderado en virtud del presente poder podrán ser ejercitadas por cualquier persona física con poder bastante para el ejercicio de dichas facultades en nombre y representación del Apoderado.

TERCERO.- La Sociedad se obliga a ratificar expresamente, y siempre que sea requerido para ello, cuantas actuaciones y/o documentos hubiere llevado a cabo u otorgado el Apoderado (o sus sustitutos o delegados) en ejercicio y dentro de los límites del presente apoderamiento, así como a colaborar con el Apoderado (o sus sustitutos o delegados) en dicho ejercicio.

CUARTO.- La Sociedad indemnizará al Apoderado (o sus sustitutos o delegados) de cualesquiera gastos incurridos y de cualesquiera daños y perjuicios sufridos por el mismo en el ejercicio de las facultades conferidas en virtud del presente apoderamiento sin culpa, dolo o negligencia del apoderado (o sus sustitutos o delegados).

QUINTO.- El presente apoderamiento tiene el carácter de mandato irrevocable por exigirlo así el cumplimiento del *Receivables Purchase Agreement* en el que está interesado no sólo la Sociedad sino también el Apoderado y otras terceras personas, exigiendo la ejecución y el cumplimiento de dicho contrato la irrevocabilidad del presente apoderamiento con la finalidad de evitar la frustración del fin perseguido por el mismo.

SEXTO.- La ley española aplicará al presente apoderamiento.

(English Translation for information purposes)

IRREVOCABLE NOTARIAL POWER OF ATTORNEY
ALPS PARTNERS S.À R.L.

NUMBER:

In the town of Madrid, on this [●] [●] 2023.

Before me, [●], Notary public of Madrid, duly commissioned and in exercise of my notarial duties.

APPEARS

[Mr./Ms.] [●], of legal age of [●] nationality, domiciled at [●].

HE ACTS

In the name and on behalf of **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.** with its registered office at 22-24 Boulevard Royal, L-2449 (Luxembourg) and registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés*) under number B118349 (hereinafter, the "**Company**").

[Details regarding the authority of the grantor]

The grantor exhibits his personal details and signature, and, I the Notary, certify that the personal details and signature which appear in this document coincide with them.

WHEREAS

(A) Pursuant to an agreement of assignment of loans entered into under the name of the Receivables Purchase Agreement on [*] [June] 2023 between the Company as Seller and Receivables Manager, ALPS PARTNERS S.À R.L. as Purchaser and Class C Lender, BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED as Security Agent and AVEGA S.À R.L. as Back-Up Receivables Manager Facilitator , the Company shall sell from time to time to the Purchaser certain loan receivables (hereinafter, the "**Receivables**").

(B) In connection with the Receivables Purchase Agreement, the Company has undertaken to execute before a Spanish notary public an irrevocable power of attorney in favour of the Purchaser, in order to enable the latter to exercise the powers granted hereunder.

(C) Spanish terms which are translated into English shall have the meaning ascribed to such terms in the Receivables Purchase Agreement.

HE GRANTS

FIRST: In the name and on behalf of the Company, he grants a power of attorney, as wide as in law might be necessary, to **ALPS PARTNERS S.À R.L.**, a company validly incorporated and existing under the laws of

Luxembourg and having its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg-City, Luxembourg and registered with the Luxembourg Trade and Companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050 (the "**Attorney**") so that it may acting in the name and on behalf of the Company at any time after the occurrence of a Notification Event:

(i) Exercise its rights, powers and discretions in respect of the Receivables and in respect of any Related Rights.

(ii) Execute and deliver as many deeds or documents, and do any other act which may be deemed necessary in order to protect the rights and interests of ALPS PARTNERS S.À R.L. pursuant to the Receivables Purchase Agreement (including those related to the Receivables and the Related Rights).

(iii) Execute and deliver as many deeds or documents, and do any other act which may be deemed necessary for the full and effective transfer, even against third parties, of the Receivables and the Related Rights pursuant to the Receivables Purchase Agreement in or to ALPS PARTNERS S.À R.L. or their successors in title of the Receivables.

(iv) Give notice to the relevant Borrowers of the assignment of the relevant Receivables between the Purchaser and the Company made under the Receivables Purchase Agreement, as well as execute and deliver as many deeds or documents as may be deemed necessary for all those assignments to be raised to a public status.

(v) Demand even before Courts and receive all moneys, due or payable, under or in respect of Receivables and the Related Rights and pay such moneys to the persons to whom such moneys are required to be paid under the Receivables Purchase Agreement.

(vi) Upon receipt of such moneys as referred to in paragraph (v) above to give to the payer thereof good receipts and discharges for the same.

(vii) Perform any agreement or obligation of the Company under or in connection with the Receivables Purchase Agreement and to exercise all the Company's rights, powers and acts under the Receivables Purchase Agreement.

(viii) Substitute or delegate the powers granted by this power of attorney (including this power of delegation and substitution) to (a) any legal person belonging at any time to its group of companies or (b) to any employee or manager of any company of its group from time to time or (c) to any successors in the title to the Receivables, provided that the Attorney shall remain liable for the performance of such substitute(s) or delegate(s) as if those powers had not been delegated.

(ix) Take as many actions and execute and deliver as many documents public or private, as may be required or convenient in its sole discretion for the exercise of the powers in sections (i) to (viii) above.

The aforementioned powers are granted even for the cases of self-contracting, even in favour of third parties.

SECOND: The powers granted to the Attorney by virtue of this power of attorney may be exercised by any individual duly authorised to exercise similar powers in the name and on behalf of the Attorney.

THIRD: The Company hereby is obliged to expressly ratify and confirm, if required to do so, any act, matter or documents whatsoever carried out by the Attorney or any of its substitutes or delegates, pursuant to and on the limits of this Power of Attorney; and to collaborate with the Attorney (or any of its substitutes or delegates) in carrying out its activity.

FOURTH: The Company shall hold the Attorney (or its substitutes or delegates) harmless in respect of any expenses it may incur and any damages suffered as consequence of exercising the powers conferred by virtue of this power of attorney without negligence or fraud.

FIFTH: This power of attorney is granted as an irrevocable mandate because of the performance of the Receivables Purchase Agreement in which are interested not only the Company but also the Attorney and third parties, requiring it to be irrevocable in order to avoid the frustration of the objectives pursued by the parties under such Agreement.

SIXTH: This Power of Attorney shall be governed by and construed in accordance with Spanish law.

Schedule 10
Provisions relating to Sale of Italian Receivables

1. The Italian Receivables and any Related Rights will be assigned (*ceduti*) pursuant to this Agreement in accordance with the provisions of Articles 1260 *et seq.* and, with respect to Italian Receivables arising from Further Disbursements, to the extent applicable, also Articles 1348 and 1472 of the Italian Civil Code (each, an ***Italian Assignment***).

2. Any Italian Receivables and Related Rights sold pursuant to this Agreement are sold without recourse (*pro soluto*) (but for the avoidance of doubt without prejudice to any recourse as expressly provided for in this Agreement).

3. The Parties acknowledge and agree that each Italian Assignment shall be deemed effective towards the Purchaser:

   (a) with respect to any Receivables (and Related Rights) transferred under a SND Title Transfer Option and existing at the time of delivery of the relevant Sale Notice, at each applicable Sale Time upon the upload of the relevant Sale Notice to a secure website accessible by the Purchaser;

   (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, immediately following receipt by the Seller of the applicable Purchase Price in full;

   (c) with respect to any Back-Book Receivables (and Related Rights), following receipt by the Seller of the Estimated Back-Book Purchase Price for such Back-Book Receivables in full on the applicable Back-Book Sale Date;

   (d) without prejudice to paragraph (e) below, with respect to any Receivables (and Related Rights) arising from Further Disbursements (and, therefore, not existing at the time of delivery of the relevant Sale Notice), on the date on which such Receivables arise as a consequence of the Further Disbursements having been advanced to the relevant Borrower; and

   (e) with respect to any Receivables (and Related Rights) arising from Further Disbursements which:

      (i) are transferred pursuant to the Settlement Date Title Transfer Option; and

      (ii) have arisen during the period between the date of delivery of the relevant Sale Notice and the fifth Business Day after the relevant Sale Notice Date,

   to the extent the related Receivables (existing at the time of delivery of the relevant Sale Notice) have not been transferred during such period, on the relevant Settlement Date of such related Receivables.

4. The Italian Assignment of any Receivables and Related Rights (including Receivables arising from Further Disbursements and in each case matching the Purchase Conditions) pursuant to this Agreement shall be construed, to the extent applicable, also for the purposes of Article 1331 of the Italian Civil Code, as an option of the Seller to sell and assign to the Purchaser such Receivables (and their Related Rights) and an irrevocable undertaking by the Purchaser to purchase the same on each applicable Title Transfer Date.

5. The Italian Assignment of any Receivables (and Related Rights) arising from Further Disbursements shall be construed, to the extent applicable, also for the purposes of Articles 1348 and 1472 of the

Italian Civil Code, as a sale of future receivables, whereby (i) from the date of receipt by the Purchaser of the relevant Sale Notice, the Seller and the Purchaser shall be deemed bound to, respectively, sell and purchase such Receivables once they have come into existence; and (ii) save as provided under Clause 2.16 of this Agreement, such Receivables shall be deemed transferred from the Seller to the Purchaser as soon as they come into existence without any act of the Seller nor the Purchaser being necessary to this end.

6. Without prejudice to paragraph 3 of this Schedule 10, the Parties hereby acknowledge and agree that, should the SND Title Transfer Option apply, the provisions under Clause 2.7 of this Agreement on the failure by the Purchaser to pay the relevant Purchase Price on the applicable Payment Date shall be read and construed, also for the purposes of Article 1353 of the Italian Civil Code, as a condition subsequent (*condizione risolutiva*) to the relevant Italian Assignment.

7. The Parties agree that, insofar as the Receivables Manager is an entity which is a member of the Seller Group, the Seller is exempted from the obligation to deliver to the Purchaser the documentation in its possession evidencing the Receivables (*documenti probatori del credito*) pursuant to article 1262 of the Italian Civil Code, provided that the Purchaser has the right to reasonably request the Sellers to deliver such documentation evidencing the Receivables (*documenti probatori del credito*) as soon as reasonably practicable after its request.

8. In accordance with articles 1264 and 1265 of the Italian Civil Code, each Italian Assignment will be enforceable (*opponibile*) against the relevant Borrower(s) and third parties from the date it is notified to – or accepted by – such Borrower(s) by means of a notification bearing a date certain at law (*data certa*) as to both the notification itself and its content, pursuant to article 2704 of the Italian Civil Code.

9. For the purposes of Clause 2 (*Agreement for Sale and Purchase of the Receivables*), the Related Rights shall include any right, title, benefit, guarantee, Security Interests (if any) and other ancillary rights (*accessori del credito*) in to, pertaining to and/or under the Receivables pursuant to Article 1263 of the Italian Civil Code.

10. This Schedule 10 and any non-contractual obligations arising out of or in connection with this Schedule 10 shall be governed by Italian law.

Schedule 11
Form of Notices

Part A Form of Sale Notice

To: **ALPS PARTNERS S.À R.L.,** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

2. In accordance with and subject to Clause 2 (*Agreement for Sale and Purchase of the Receivables*) of the Receivables Purchase Agreement, upon receipt by the Purchaser of this notice signed by the Seller, there shall exist between the Purchaser and the Seller an agreement (the ***Agreement for Sale***) for the sale by the Seller to the Purchaser of the new Receivables more particularly described in the Appendix hereto.

3. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Sale Notice in respect of each Receivable referred to in the Appendix hereto.

4. The transfer of any Receivable to the Purchaser will be effective in accordance with the Receivables Purchase Agreement.

5. Appended hereto is a complete and accurate list of the Receivables to be sold, and any related Further Disbursements which may arise.

6. Delivery of this Sale Notice constitutes confirmation that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) in relation to each Receivable referred to in the Appendix hereto have been satisfied on the date of this Sale Notice.

7. The Agreement for Sale shall supplement and form part of the Receivables Purchase Agreement and the provisions of that agreement shall apply to the Agreement for Sale.

8. Details of accounts for payment are as follows:

Account Name: []

Account Sort Code: []

Account Number: []

Reference: []

Appendix 1

Information in respect of new Receivables to be added to the Portfolio

Report Date	**Loan ID**	**Sale Notice Date**	**Sale ID**	**Borrower ID**	**Loan Type**
Sale Type	**Outstanding Principal Balance**	**Outstanding Fee Balance**	**Outstanding Interest Balance**	**Outstanding Current Balance**	**Total Commitment Amount**
Product Name	**Currency**	**Interest Rate**	**Status**	**Origination Date**	**Maturity Date**
Next Scheduled Payment	**Next Scheduled Payment Date**	**Original Term**	**Remaining Term (in days)**	**Purchase Price Ratio**	**Purchase Price**
Merchant ID	**Merchant Category Code**	**Risk Class**	**Model Used**	**Model Score**	**Global Customer Segment**
Initial VLR	**Disbursement Amount**				

Part B Form of Confirmation Notice

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

9. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

10. In accordance with and subject to Clause 2.2(c) of the Receivables Purchase Agreement, appended hereto is a complete and accurate list of the Receivables sold at the Sale Time.

11. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Confirmation Notice in respect of each Receivable referred to in the Appendix hereto.

12. Details of accounts for payment are as follows:

Account Name: []

Account Sort Code: []

Account Number: []

Reference: []

Appendix 1

Information in respect of Receivables added to the Portfolio

Report Date	**Loan ID**	**Sale Notice Date**	**Sale ID**	**Borrower ID**	**Loan Type**
Sale Type	**Principal Balance Transferred**	**Fee Balance Transferred**	**Interest Balance Transferred**	**Current Balance Transferred**	**Total Commitment Amount**
Product Name	**Currency**	**Interest Rate**	**Status**	**Origination Date**	**Maturity Date**
Next Scheduled Payment	**Next Scheduled Payment Date**	**Original Term**	**Remaining Term (in days)**	**Purchase Price Ratio**	**Purchase Price**
Merchant ID	**Merchant Category Code**	**Risk Class**	**Model Used**	**Model Score**	**Global Customer Segment**
Initial VLR	**Disbursement Amount**				

Part C Form of Further Disbursement Confirmation Notice

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

2. In accordance with and subject to Clause 2.2(c) of the Receivables Purchase Agreement, appended hereto is a complete and accurate list of the Further Disbursements sold at the Sale Time.

3. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Further Disbursement Confirmation Notice in respect of each Further Disbursement referred to in the Appendix hereto.

4. Details of accounts for payment are as follows:

   Account Name: []

   Account Sort Code: []

   Account Number: []

   Reference: []

Appendix 1

Information in respect of Receivables added to the Portfolio

Loan ID	**Date of Purchase**	**Currency**	**Disbursement Amount**	**Pro-forma Outstanding Principal Balance**	**Pro-forma Fee balance**
Pro-forma Current Balance	**Total Commitment Amount**	**Next Scheduled Payment**	**Next Scheduled Payment Date**	**Purchase Price Ratio**	**Purchase Amount**
Product	**Purchase Amount**				

Schedule 12
Form of Seller Solvency Certificate

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

(R.C.S. Luxembourg registration number: B118.349)

with its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg (the ***Company***)

SOLVENCY CERTIFICATE

The undersigned, in the capacities set out in the below signature block, duly authorised to sign this certificate, hereby certify on behalf of the Company (without incurring any personal liability), that, as of the date of this certificate, the Company is not subject to (but only to the extent that the substantive obligations under this Agreement, including payment and delivery obligations [and (to the extent applicable) the provision of collateral], cease to be performed) bankruptcy (*faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), composition with creditors (*concordat préventif de la faillite*), voluntary or judicial liquidation (*liquidation judiciaire ou volontaire*), judicial appointment of a temporary administrator or any similar Luxembourg or foreign law proceedings or regimes affecting the rights of creditors generally and, to the best of its knowledge, no petition for the opening of such proceedings has been presented or to one or more resolution measures (as organised by the Luxembourg law dated 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and certain investment firms, as amended) or recovery, intragroup financial support and early intervention measures (as organised by the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended).

I give this certificate on behalf of the Company.

Dated: [] 2023

Signed for and on behalf of
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

…….
Authorised Signatory

Schedule 13
Form of Purchaser Solvency Certificate

ALPS PARTNERS S.À R.L.

a *société à responsabilité limitée* incorporated under the laws of Luxembourg subject, as an unregulated securitisation undertaking (*organisme de titrisation non réglementé*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act**)

Registered office: 2 Rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B277050
(the ***Company***)

SOLVENCY CERTIFICATE

The undersigned, in the capacity set out in the below signature block, duly authorised to sign this certificate, hereby certify on behalf of the Company (without personal liability), that, as of the date of this certificate, the Company is not subject to bankruptcy (*faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), composition with creditors (*concordat préventif de la faillite*), court-ordered liquidation/dissolution (*liquidation/dissolution judiciaire*), administrative dissolution without liquidation (*dissolution administrative sans liquidation*), appointment of a provisional administrator (*administrateur provisoire*) or a recipient (*séquestre*), judicial appointment of a temporary administrator or any similar Luxembourg or foreign law proceedings or regimes affecting the rights of creditors generally (including without limitation any "insolvency proceedings" within the meaning of the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended) and, to the best of its knowledge, no petition for the opening of such proceedings has been presented.

I give this certificate on behalf of the Company.

Dated: [] 2023

Signed for and on behalf of
ALPS PARTNERS S.À R.L.

…….
Manager / Authorised Signatory

Schedule 14
Eligibility Criteria

1. The Receivable is an Eligible Product.

2. The Receivable is governed by the law of a Relevant Jurisdiction (which in the case of a Spanish Receivable shall be Spanish common law ("*derecho común español*")).

3. At its Sale Notice Date, the Receivable has no outstanding arrears balance.

4. In respect of any Receivable that is not a Back-Book Receivable, as at its Sale Notice Date, the relevant Receivable has no payments due on such Sale Notice Date or the day immediately following such Sale Notice Date and in respect of a Back-Book Receivable, such Receivable has no payments due as at its Sale Time.

5. The maturity date of the Receivable is not prior to its Sale Notice Date and in respect of a Back-Book Receivable the maturity date is more than [* * *] days after its Sale Notice Date.

6. The Receivable (other than a Receivable in respect of a DE Pi30 Loan) was originated on or after 1 February 2023.

7. Each Receivable in respect of a DE Pi30 Loan was originated on or after 1 June 2023.

8. The Receivable is denominated in EUR or GBP.

9. The Receivable is not flagged as involving any fraudulent activity (either pending or confirmed).

10. The Borrower is not a Restricted Person, and the Receivable is not linked to a merchant industry which is sanctioned or is an Excluded Industry.

11. The Borrower has provided the Seller with a resident address in the Relevant Jurisdiction of the governing law of the Receivable owed by that Borrower.

12. The Borrower's provided resident address is not located in the autonomous regions (*Communidades Autonomas*) of Valencia or Castilla-La-Mancha in Spain.

13. The Borrower has provided confirmation that they are 18 years old or older.

14. At its Sale Notice Date, as far as the Seller was aware, the Borrower under each Receivable is not bankrupt, insolvent or deceased.

15. Either (i) the Receivable was originated at least two days prior to its Sale Notice Date, or (ii) at least 90 per cent. of the Original Commitment Amount under the related Loan Agreement has been disbursed to the Borrower.

16. The Receivable was originated not more than 30 days prior to its Sale Notice Date, provided that this Eligibility Criterion shall not apply to (i) any Back-Book Receivable or (ii) [* * *].

17. In respect of any Receivable representing a Further Disbursement in connection with any Loan Agreement in respect of which any Receivable was previously included in a Sale Notice, such Further Disbursement is being made no later than 30 days after the first disbursement was advanced under the related Loan Agreement.

18. The Receivable has not been repurchased by the Seller, other than a repurchase pursuant to Clause 9.16 (*Repurchase for DE Pi30 Loan*) of this Agreement.

19. In respect of any Receivable representing a Further Disbursement, the Receivable is not a Further Disbursement in connection with a Receivable that has been repurchased by the Seller other than a repurchase pursuant to Clause 9.15 (*Repurchase for DE Pi30 Loan*) of this Agreement.

20. The Receivable is not the subject of an ongoing dispute with the Borrower.

21. [* * *]

22. As at the date of origination of the Receivable, the aggregate of:

(a) the total outstanding Principal Balance of all Eligible Products owed to the Seller by the Borrower, and

(b) the Original Commitment Amount for such Receivable less the amount of any expected initial instalment payment for such Receivable,

is less than or equal to the Shadow Limit applicable in respect of such Receivable.

23. [* * *]

24. [* * *]

25. [* * *]

26. [* * *]

Schedule 15
List of Eligible Products

1. FR Pi4 – A PayPal "Buy Now, Pay Later" product that allows Borrowers in France to split qualifying purchases into 4 payments over 89 days with the first payment due at the time of purchase.

2. UK Pi3 – A PayPal "Buy Now, Pay Later" product that allows Borrowers in the UK to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.

3. IT Pi3 – A PayPal "Buy Now, Pay Later" product that allows Borrowers in Italy to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.

4. ES Pi3 – A PayPal "Buy Now, Pay Later" product that allows Borrowers in Spain to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.

5. DE PayPal Ratenzahlung – A PayPal "Buy Now, Pay Later" product that allows Borrowers in Germany to split qualifying purchases in either 3, 6, 12 or 24 monthly instalments, as below:

    (a) DE PayPal Ratenzahlung (3 months) 0% APR;

    (b) DE PayPal Ratenzahlung (6 months) 0% APR;

    (c) DE PayPal Ratenzahlung (12 months) 0% APR;

    (d) DE PayPal Ratenzahlung (24 months) 0% APR;

    (e) DE PayPal Ratenzahlung (3 months) Positive APR;

    (f) DE PayPal Ratenzahlung (6 months) Positive APR;

    (g) DE PayPal Ratenzahlung (12 months) Positive APR; and

    (h) DE PayPal Ratenzahlung (24 months) Positive APR.

6. DE Pi30 – A PayPal "Buy Now, Pay Later" product that allows Borrowers in Germany to pay for qualifying purchases after 30 days of purchase (or extend such time for payment by an additional 30 days or 54 days for a fee).

Schedule 16
Concentration Limits

[* * *]

Schedule 17
Ineligible Transferees

[* * *]

Schedule 18
Form of Repurchase Notice

To: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 acting in its capacity as Receivables Manager

[SECURITY AGENT] as Security Agent

From: **ALPS PARTNERS S.À R.L.** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser

Dear Sirs

1. We refer to the receivables purchase agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

2. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Repurchase Notice.

3. In accordance with the terms of the Receivables Purchase Agreement, by delivery of this Repurchase Notice, the Seller and the Purchaser hereby agree to reassign and/or retransfer the Receivables referred to in the Appendix hereto on the applicable Repurchase Date applicable to such Receivables.

4. Appended hereto is a complete and accurate list of the Receivables to be sold on such Repurchase Date.

5. The Repurchase Notice shall supplement and form part of the Receivables Purchase Agreement and the provisions of that agreement shall apply to the Repurchase Notice.

6. Details of accounts for payment are as follows:

   Account Name: []

   Account Sort Code: []

   Account Number: []

   Reference: []

Appendix

Loan ID	Systems Record Date	Currency	Outstanding Principal Balance	Outstanding Current Balance	Amount Repurchased	Purchase Price Ratio	Repurchase Price	Reason	Product	Report Date

Schedule 19
Additional Receivables Manager

Part A Additional Receivables Manager Conditions Precedent

1. A copy of its constitutional documents.

2. A copy of a resolution of the board of or a committee of directors (or relevant governing body) of the Additional Receivables Manager:

   (a) approving the terms of, and the transactions contemplated by the Receivables Manager Deed of Accession and the Transactions Documents and resolving that it execute the Receivables Manager Deed of Accession;

   (b) authorising a specified person or persons to execute the Receivables Manager Deed of Accession on its behalf; and

   (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Transaction Documents.

3. A specimen of the signature of each person authorised by the resolution referred to in paragraph 2 above.

4. A legal opinion of [* * *], legal advisers to the Additional Receivables Manager, on the capacity and authority of the Additional Receivables Manager to enter into the Receivables Manager Deed of Accession.

5. A tax memorandum delivered to the Purchaser to its satisfaction by a tax advisor appointed by the Purchaser.

6. [* * *]

7. [* * *]

8. [* * *]

Part B Additional Receivables Manager Representations

1. **Status**

It is a company duly incorporated, validly existing and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. **Powers and Authority**

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. **Legal Validity**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

(a) the Legal Reservations; and

(b) in the case of any Security Document, the Perfection Requirements.

4. **Non-conflict**

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will, to its knowledge, not:

(a) conflict with any document which is binding upon it or any of its assets;

(b) conflict with its constitutional documents; or

(c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. **Consents and Licences**

All consents, licences and other approvals and authorisations required by it in connection with (i) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents have been obtained or effected (as appropriate) and are in full force and effect; and (ii) the administration of the Receivables, have in each case been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consents, licences or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them.

6. **Solvency**

No Insolvency Event has occurred with respect to it.

7. **Residence for Tax Purposes**

It is a company which is and has, since incorporation, been resident for Tax purposes solely in the United Kingdom and it is not liable to be taxed on its profits in any jurisdiction other than the United Kingdom.

8. **Corporate income tax and VAT**

It is a company (a) established and registered in the United Kingdom for VAT purposes; and (b) within the charge to corporate income tax in the United Kingdom in respect of amounts payable to it pursuant to the terms of this Agreement and the Receivables Management Agreement.

9. **Validity and admissibility in evidence**

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

(c) have been obtained or effected and are in full force and effect (or will be when required).

10. **Governing law and enforcement**

(a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.

(b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. **Anti-Bribery**

The Additional Receivables Manager has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

12. **Money Laundering**

The Additional Receivables Manager and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Additional Receivables Manager nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Additional Receivables Manager is aware, pending or threatened.

13. **Sanctions**

Neither the Additional Receivables Manager, to the knowledge of the Additional Receivables Manager, nor any of its directors, officers or, its agents, employees or persons acting on its behalf:

(a) has been found in violation of any applicable Sanctions in the last three years; or

(b) is a Restricted Person.

Any provision of this paragraph 13 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

14. **Restricted Countries**

It is the policy of the Purchaser as at the Signing Date not to conduct business in or with a Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Additional Receivables Manager, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzzhia regions of Ukraine in relation to Purchased Receivables only.

15. **Information in Receivable Management Report**

The information contained in the Receivables Management Report is true and accurate and not misleading in all material respects.

Part C Form of Receivables Manager Deed of Accession

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below) and in its capacity as Purchaser under the Receivables Management Agreement (as defined below)

Copy: **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED** as Security Agent

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement and in its capacity as Receivables Manager under the Receivables Management Agreement

[**UK SUB**]

Dated:

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us and you dated [] (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto, and the Receivables Management Agreement between, *inter alios*, us dated [] (the ***Receivables Management Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

2. [*UK Sub*] agrees to become an Additional Receivables Manager and to be bound by the terms of the Receivables Purchase Agreement and the Receivables Management Agreement as an Additional Receivables Manager pursuant to Clause 15.1 of the Receivables Purchase Agreement.

3. Pursuant to this Deed of Accession, the accession of the [*UK Sub*] as a Receivables Manager to the Receivables Purchase Agreement and the Receivables Management Agreement shall take effect from [] (the ***UK RM Accession Date***).

4. The [*UK Sub*]:

   (a) on the date of this Deed of Accession, makes representations in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*) to the Purchaser and the Security Agent; and

(b) on the UK RM Accession Date, makes representations in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*) to the Purchaser and the Security Agent.

5. On the date of this Deed of Accession, the [*UK Sub*] gives the following undertakings:

(a) The UK Sub undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the UK Sub lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the UK Receivables and their Related Rights in accordance with any applicable law or regulation.

(b) Following a Notification Event, the UK Sub undertakes in respect of each UK Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such UK Receivables to the Purchaser and to effectually vest in the Purchaser the full benefit of this Agreement.

(c) The UK Sub undertakes to the Purchaser and the Security Agent:

(i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder or the validity, collectability or enforceability of any UK Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other obligations under this Agreement, to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and

(ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any UK Receivable.

(d) The UK Sub agrees that it will not act or omit to act in any way which:

(i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the UK Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

(ii) would constitute a breach in any material respect of the UK Sub's obligations under the related Loan Agreements,

unless in each case such act, omission or amendment is necessary in order for the UK Sub to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

(e) The UK Sub shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to UK Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in England and Wales, to the

extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of UK Receivables forming part of the Portfolio.

6. [*UK Sub*] is a company duly incorporated under the laws of England and Wales.

7. [*UK Sub's*] administrative details are as follows:

Address:

Email address:

Attention:

8. This Deed of Accession and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed of Accession is entered into by deed.

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.)
acting through and represented by its managing)
general partner PayPal (Europe) S.à r.l.)

By:)

…….
Authorised Signatory

Executed as a **DEED**)
for and on behalf of)
[UK SUB])
By:)

…….
Director

Name:

By:

…….

Director

Name:

Schedule 20
Additional Seller

Part A Additional Seller Conditions Precedent

1. A copy of its constitutional documents.

2. A copy of a resolution of the board of or a committee of directors (or relevant governing body) of the Additional Seller:

   (a) approving the terms of, and the transactions contemplated by the Seller Deed of Accession and the Transactions Documents and resolving that it execute the Seller Deed of Accession;

   (b) authorising a specified person or persons to execute the Seller Deed of Accession on its behalf; and

   (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Transaction Documents.

3. A specimen of the signature of each person authorised by the resolution referred to in paragraph 2 above.

4. A legal opinion of [* * *], legal advisers to the Additional Seller, on the capacity and authority of the Additional Seller to enter into the Seller Deed of Accession.

5. A tax memorandum delivered to the Purchaser to its satisfaction by a tax advisor appointed by the Purchaser.

6. [* * *]

7. [* * *]

Part B Additional Seller Representations

1. **Status**

It is a company duly incorporated, validly existing and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. **Powers and Authority**

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. **Legal Validity**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

(a) the Legal Reservations; and

(b) in the case of any Security Document, the Perfection Requirements.

4. **Non-conflict**

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will, to its knowledge, not:

(a) conflict with any document which is binding upon it or any of its assets;

(b) conflict with its constitutional documents; or

(c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. **Consents and Licences**

All consents, licences and other approvals and authorisations required by it in connection with:

(a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and

(b) the origination and administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consent, licence or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them and/or the validity, enforceability or collectability or transferability of the Receivables.

6. **Solvency**

No Insolvency Event has occurred with respect to it.

7. **Residence for Tax Purposes**

It is a company which is and has, since incorporation, been resident for Tax purposes solely in the United Kingdom and it is not liable to be taxed on its profits in any jurisdiction other than the United Kingdom.

9. **Corporate income tax and VAT**

It is a company (a) established and registered in the United Kingdom for VAT purposes; and (b) within the charge to corporate income tax in the United Kingdom in respect of amounts payable to it pursuant to the terms of this Agreement and the Receivables Management Agreement.

10. **Validity and admissibility in evidence**

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect (or will be when required).

11. **Governing law and enforcement**

(a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.

(b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

12. **Anti-Bribery**

The Additional Seller has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. **Money Laundering**

The Additional Seller and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Additional Seller nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Additional Receivables Manager is aware, pending or threatened.

14. **Sanctions**

Neither the Additional Seller, nor to the knowledge of the Additional Seller, any of its directors, officers or, its agents, employees or persons acting on its behalf:

(a) has been found in violation of any applicable Sanctions in the last three years; or

(b) is a Restricted Person.

Any provision of this Paragraph 14 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. **Restricted Countries**

It is the policy of the Purchaser at as the Signing Date not to conduct business in or with a Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Additional Seller, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzzhia regions of Ukraine in relation to Purchased Receivables only.

Part C Form of Seller Deed of Accession

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below) and in its capacity as Purchaser under the Receivables Management Agreement (as defined below)

Copy: **[SECURITY AGENT]** as Security Agent

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement and in its capacity as Receivables Manager under the Receivables Management Agreement

[**UK SUB**]

Dated:

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us and you dated [] (the ***Receivables Purchase Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto, and the Receivables Management Agreement between, *inter alios*, us dated [] (the ***Receivables Management Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.

2. [*UK Sub*] agrees to become an Additional Seller and to be bound by the terms of the Receivables Purchase Agreement and the Receivables Management Agreement as an Additional Seller pursuant to Clause 15.2 of the Receivables Purchase Agreement.

3. Pursuant to this Deed of Accession, the accession of the [*UK Sub*] as a Seller to the Receivables Purchase Agreement and the Receivables Management Agreement shall take effect from [] (the ***UK Seller Accession Date***).

4. The [*UK Sub*]:

   (a) on the date of this Deed of Accession, makes representations in the form set out in Part B of Schedule 20(*Additional Seller Representations*) to the Purchaser and the Security Agent; and

   (b) on the UK Seller Accession Date, makes representations in the form set out in Part B of Schedule 20(*Additional Seller Representations*) to the Purchaser and the Security Agent.

5. On the date of this Deed of Accession, the [*UK Sub*] gives the following undertakings:

(a) The UK Sub undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the UK Sub lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the UK Receivables and their Related Rights in accordance with any applicable law or regulation.

(b) Following a Notification Event, the UK Sub undertakes in respect of each UK Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such UK Receivables to the Purchaser and to effectually vest in the Purchaser the full benefit of this Agreement.

(c) The UK Sub undertakes to the Purchaser and the Security Agent:

(i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder or the validity, collectability or enforceability of any UK Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other obligations under this Agreement, to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and

(ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any UK Receivable.

(d) The UK Sub agrees that it will not act or omit to act in any way which:

(i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the UK Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

(ii) would constitute a breach in any material respect of the UK Sub's obligations under the related Loan Agreements,

unless in each case such act, omission or amendment is necessary in order for the UK Sub to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

(e) The UK Sub shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to UK Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in England and Wales, to the extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of UK Receivables forming part of the Portfolio.

(f) The UK Sub as legal title holder of the UK Receivables with full title guarantee undertakes to the Purchaser and the Security Agent that, pending perfection of the transfer to the Purchaser (or as it shall direct) of legal title to any UK Receivables in accordance with Clause 8 (*Notification of Sales*) of the Receivables Purchase Agreement, it:

(i) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;

(ii) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed), exercise such discretion in accordance with the policies applicable to the UK Receivables and this Agreement or, where the applicable policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;

(iii) at any time when the Seller and the Receivables Manager are separate entities, shall provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.

(g) For the avoidance of doubt, prior to the perfection of the assignment or transfer (as appropriate) of any UK Receivable and any Related Rights to the Purchaser, legal title to each such Receivable and its Related Rights purchased by the Purchaser pursuant to this Agreement shall be vested in the UK Sub and after its purchase by the Purchaser, sole beneficial title and interest shall be vested in the Purchaser.

(h) Prior to perfection of the transfer of the legal title to any UK Receivable and its Related Rights, the UK Sub undertakes (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under (a) such Receivable and its Related Rights, following the acquisition of such Receivable and its Related Rights by the Purchaser and (b) any sums that are or may become due in respect thereof, on trust for the Purchaser.

(i) In connection with any transfer of any legal title to any UK Receivable and its Related Rights in accordance with Clause 8 (*Notification of Sales*), the UK Sub shall:

(i) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the legal title transferee is identified as the claimant or pursuer;

(ii) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower; and

(iii) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

6. [*UK Sub*] is a company duly incorporated under the laws of England and Wales.

7. [*UK Sub's*] administrative details are as follows:

Address:

Email address:

Attention:

8. This Deed of Accession and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed of Accession is entered into by deed.

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.)
acting through and represented by its managing)
general partner PayPal (Europe) S.à r.l.)

By:)

…….
Authorised Signatory

Executed as a **DEED**)
for and on behalf of)
[UK SUB])
By:)

…….
Director

Name:

By:

…….

Director

Name:

Schedule 21
Form of Borrower Notice

FORM OF NOTICE OF ASSIGNMENT AND PRIVACY NOTICE[1]

[*Note: Notice to be provided translated into applicable Borrower language*]

To:

[*Borrower*]

[*Borrower address*]

From:

[*PayPal (Europe) S.à r.l. et Cie, S.C.A.*] / [*Alps Partners S.à r.l.*]]

[*Address*]

[*By email or by letter with acknowledgement of receipt*][2]

[*Date*]

NOTICE OF ASSIGNMENT

Dear Sir / Madam,

This letter is to notify you, [for the purposes of Article 347 of the Spanish Commercial Code (*Código de Comercio*) and Articles 1526 *et seq*. of the Spanish Civil Code (*Código Civil*)] [3] that under a receivables purchase agreement dated [•] 2023 the receivables owed by you, details of which are set out in Schedule A (*Assigned Receivables*) to this letter, have been sold and assigned by PayPal (Europe) S.à r.l. et Cie, S.C.A. (***PayPal (Europe)***) to Alps Partners S.à r.l. (***ALPS***) (the ***Assigned Receivables***) [in accordance with articles 1321 et seq. of the French Code civil][4] [in accordance with Articles 1260 *et seq.* of the Italian Civil Code (*Codice Civile Italiano*)][5]. [Please note, that the Assigned Receivables may be retransferred for a very short amount of time to PayPal (Europe) and then back to ALPS if you intend to use the "More Time to Pay" function.][6]

As a consequence of and with effect from the date of this notice, we inform you that all payments due to be paid by you in respect of the Assigned Receivables must now be paid on their due date by you to ALPS and not to PayPal (Europe), in accordance with the payment instructions below.

[1] **Note**: Regarding Spanish Borrowers, this notice needs to be drafted and sent in Spanish.

[2] Bearing a date certain at law (*data certa*) in so far as Italian Receivables are concerned.

[3] Include for Spanish Receivables only.

[4] Include for French Receivables.

[5] Include for Italian Receivables only.

[6] Include for German Receivables that concern the PI30 Product only.

All payments in respect of the Assigned Receivables must now be made on their due date by wire transfer to the following bank account in order to be considered a full discharge of your debt:

Beneficiary:	[•]
Account number:	[•]
Bank:	[•]
SWIFT:	[•]
IBAN:	[•]

A payment made to any other payee or account other than as specified above [may][will][7] not discharge your debt due. In such case, you may be liable to pay the amount a second time.

This instruction may not be revoked or varied without the prior written consent of ALPS.

[Furthermore, ALPS pledged, amongst others, the Assigned Receivables in favour of certain secured parties under a pledge agreement originally executed on [•] by, amongst others, ALPS, as pledgor, and BNY Mellon Corporate Trustee Services Limited, as security agent, and attested by the Notary Public of Madrid, Mr./Ms [•] under number [•] of his public records (as subsequently extended).][8]

[Furthermore, ALPS has assigned by way of security, amongst others, the Assigned Receivables to BNY Mellon Corporate Trustee Services Limited, as security agent under an English security agreement dated [•] between, amongst others, ALPS, as borrower, and BNY Mellon Corporate Trustee Services Limited, as security agent.][9]

The incorporation, registration and address details of PayPal (Europe) and ALPS are set out in Schedule B to this letter. Any communication in relation to the Assigned Receivables should now be directed to ALPS and not to PayPal (Europe).

[This notice shall be governed by French law][10].

Yours sincerely,

[[*PayPal (Europe) S.à r.l. et Cie, S.C.A.*] / [*Alps Partners S.à r.l.*]]

[7] 'will' for Italian Receivables.

[8] Include for Spanish Receivables only.

[9] Include for UK Receivables only.

[10] Include for French Receivables.

Schedule A

Assigned Receivables

Receivables ID	Outstanding Receivables Amount	Upcoming Payment Date(s) and Amount(s)	Receivables Date	Currency

Schedule B

Corporate details of PayPal (Europe) and ALPS

1. PayPal (Europe) S.à r.l. et Cie, S.C.A. is a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B127.485.

2. Alps Partners S.à r.l. is a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office and address for service at 2, rue Edward Steichen, L- 2540 Luxembourg-City, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended, and represented by its managers: [*insert names of managers*].

Schedule C

Privacy Notice

For the Assigned Receivables , PayPal (Europe) is no longer the controller under data protection laws. As part of the sale and assignment of the Assigned Receivables we have shared your details (as described below in section 2 "What data do we process?") with the new controller. We shared your details because it was necessary for the purposes of our legitimate interest in complying with our contractual obligations towards the new controller and ensuring the smooth transfer of the Assigned Receivables, so that the new controller can manage them. Below you can find further information about the new controller and how they will handle your personal data.

PayPal (Europe) may still be handling some of your personal data going forwards as processor on behalf of the new controller.

Other products you have with PayPal remain subject to the PayPal Privacy Statement (available at www.paypal.com). It explains, among others, for how long PayPal (Europe) stores your personal data and how you can exercise your rights as a data subject.

PRIVACY NOTICE

[•] ("we", "us", "our") values the protection of your personal data. Therefore, we inform you in the following paragraphs how we use your personal data that we have received or may in future receive from PayPal (Europe) in relation to the Assigned Receivables.

1. Who is responsible for the processing of your personal data and contact details?

The controller responsible for your personal data is [•].

If you have any questions about this privacy notice or our data protection practices, please contact our [DPO][data privacy manager]:

Phone: +[•]
E-Mail: [•]
Address: [•]

2. What personal data do we process?

We process the following categories of your personal data:

- Contact details (name, address); and
- Contract information (e.g., contract number, content of the contract, current and original receivable amount, due date, repayments made, agreed repayment schedule).
- [*Insert further details, if applicable*]

3. Why do we process your personal data (purpose) and on which legal basis?

We process your personal data to collect when due and administer the Assigned Receivables. [*Insert further details on purposes, if applicable*]

Our processing of your personal data is necessary to fulfil our contractual obligations to you in relation to the Assigned Receivables. as well as our legitimate interest in collecting the Assigned Receivables when due. We also process your personal data where it is necessary to comply with applicable laws. [*Insert further lawful bases as applicable*]

[*Insert details of any automated decision-making, if applicable*]

4. Who will receive my personal data?

Those who need your personal data to collect and administer your Assigned Receivables will be given access to it within [•].

We share your personal data with third parties for the purpose(s) mentioned in section 3 including:

- PayPal (Europe) to the extent it still holds your personal data in relation to the Assigned Receivables on behalf of us;
- [*Insert details of any third-party processors, if applicable*]

5. International transfers

[*Insert further details, including about the transfer mechanism relied upon, if applicable*]

6. For how long will my personal data be stored?

We will only retain your personal data for as long as reasonably necessary to fulfil the purposes for which the personal data was collected (i.e., collection and administration of the Assigned Receivables) including for the purposes of satisfying any legal, regulatory, tax, accounting or reporting requirements. [*Insert criteria for retention periods*]

7. What are my data protection rights?

Under certain circumstances, you have rights under data protection laws in relation to your personal data including rights to:

- Request access to your personal data;
- Request correction of your personal data;
- Request erasure of your personal data;
- Request restriction of processing your personal data;
- Request transfer of your personal data (data portability); and
- Give instructions concerning the fate of your personal data after your death.

Further information about your data protection rights are available on our website at [•].

At the moment, we do not process your personal data based on your consent [or for our legitimate interests or those of a third party]. We will inform you separately if that changes.

If the processing is based on your consent, you have the right at any time to withdraw your consent for the future without giving reasons. This does not affect the lawfulness of processing based on your consent before your withdrawal.

To the extent we process your personal data for our legitimate interests or those of a third party, you will also have the right to object to the processing of your personal data on the basis of legitimate interests, unless we or the third party can demonstrate compelling legitimate grounds for the processing which override your interests, rights and freedoms or if we need your personal data to deal with legal claims.

To assert these rights, please contact us directly using the above contact details.

If you have a complaint that you wish to raise you can contact us using the contact details above. You also have the right to lodge a complaint with the relevant supervisory authority at any time:

- In France, the French Data Protection Authority (www.cnil.fr);
- In Germany, the Berlin Commissioner for Data Protection and Freedom of Information (https://www.datenschutz-berlin.de/);
- In Italy, the Italian Data Protection Authority (www.garanteprivacy.it);
- In Luxembourg, the National Commission for Data Protection (www.cnpd.public.lu);
- In Spain, the Spanish Data Protection Agency (www.aepd.es); or
- In the United Kingdom, the Information Commissioner's Office (www.ico.org.uk).

Schedule 22
Definitions

Capitalised terms used but not otherwise defined in this Agreement shall have the following meanings, except so far as the context requires otherwise:

1m EURIBOR means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the period of 1 month displayed on page EURIBOR01 of the Thomson Reuters screen;

3PL means PayPal Pte. Ltd;

[* * *]

ACH Payment means any down payment, ad hoc payment or scheduled payment in respect of a Receivable made by a pull payment based on a SEPA mandate or equivalent from the Borrower's bank account;

Actual Back-Book Purchase Price means the actual purchase price for the Back-Book Receivables, which consists of the Estimated Back-Book Purchase Price as adjusted by the True-Up Adjustment;

Additional Receivables Manager means a company which becomes an additional receivables manager in accordance with Clause 15.1 (*Additional Receivables Manager*);

Additional Regulatory Requirements has the meaning given in Clause 11.7 (*Change in law or regulation*);

Additional Seller means a company which becomes an additional seller in accordance with Clause 15.2 (*Additional Seller*);

[* * *]

Affected Party means, in relation to a Tax Event, any Party that incurs or could reasonably be expected to incur some or all of the economic cost of that Tax Event (taking account of the primary liability for the relevant Tax, any indemnities, covenants or undertakings to pay or reimburse another Party in respect of that Tax pursuant to the Transaction Documents, and the probability and timing of the satisfaction in full of any obligation under such indemnity, covenant or undertaking to pay or reimburse (including having regard to (i) the limited recourse nature of the Purchaser's obligations under the Transaction Documents pursuant to Clause 36.1 and (ii) the applicable Priority of Payments);

Affiliate means, in relation to any company:

(a) a subsidiary of that company, a holding company of that person or any other subsidiary of that holding company directly or indirectly controlling or controlled by, or who is directly or indirectly under common control with, such person (and for the purposes of this definition, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or agency or otherwise); and

(b) any account, fund, vehicle, client or investment portfolio established and controlled by such company or an Affiliate thereof or for which such company or an Affiliate thereof acts as the sponsor, manager

or investment adviser or investment manager or with respect to which such company or an Affiliate thereof exercises discretionary control thereover;

Agreed Form means the form of document exchanged for identification purposes only by email between the Seller and the Purchaser (or their lawyers) with the email subject line [* * *] on or before the Signing Date (or such other form as may be agreed between the Seller and the Purchaser);

Anti-Corruption Laws means the applicable laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties related to corruption or bribery, including the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom and any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any other law, rule, regulation or other legally binding measure of any jurisdiction that relates to bribery or corruption;

Anti-Money Laundering Laws means the applicable laws and regulations relating to anti money laundering including, without limitation, the U.S. Bank Secrecy Act, the U.S. Money Laundering Control Act of 1986, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the UK Proceeds of Crime Act 2002; and the Luxembourg AML Act 2004;

Applicable Fees means, in respect of a Receivable, all Receivables Management Fees (including any VAT or Taxes payable thereon) expected to be payable in connection therewith until its repayment and discharge in full (as determined in good faith by the Receivables Manager);

Asset Model means the financial model agreed between the Seller and the Class C Lender on or prior to the Closing Date, as may be updated, amended and/or replaced from time to time by agreement between the Class C Lender and the Seller;

[* * *]

[* * *]

Assigned Rights means in relation to any Receivable, all estates, rights, title, interest and benefit of the Purchaser in and to the relevant Receivable, which has been assigned and/or transferred to the Purchaser under or pursuant to this Agreement;

AUP Audit means an agreed-upon procedure (AUP) audit of the Purchased Receivables comprising the Portfolio in accordance with a scope to be agreed between the Seller and [* * *];

AUP Report means an audit report prepared in respect of any AUP Audit;

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

Available Commitment means an amount in EUR equal to the Maximum Commitment less the Euro Equivalent Pro Forma Principal Amount of all Receivables held by the Purchaser on the relevant Sale Notice Date;

Back-Book Confirmation Notice has the meaning given to it in paragraph 10 of Part A of Schedule 3 (*Sale and Settlement of Back-Book Receivables*);

Back-Book Portfolio means the total portfolio of all Back-Book Receivables to be sold by the Seller to the Purchaser;

Back-Book Purchase Conditions has the meaning given to it in Schedule 3 (*Sale and Settlement of Back-Book Receivables*).

Back-Book Receivables means the Receivables which have been originated by the Seller from 1 February 2023 to the date falling one day before the second Back-Book Sale Notice Date which are outstanding as at the Back-Book Sale Notice Date on which they are offered to be sold but excluding any [* * *];

Back-Book Repeating Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

Back-Book Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

[* * *]

Back-Book Sale Notice means a sale notice in respect of all or part of the Back-Book Portfolio delivered by the Seller to the Purchaser;

Back-Book Sale Notice Date means the date of delivery of a Back-Book Sale Notice;

Borrower means any person who has entered into a Loan Agreement;

Borrower Credit Balance Refund means an amount to be credited to a Borrower's e-money balance representing the portion of a merchant refund in respect of which the original merchant transaction was originally financed (in part) by debiting the Borrower's e-money balance;

Borrower Notice means a notice provided in accordance with (i) Clauses 8.3 (*Notification of Sales*) of the RPA substantially in the form set out in Schedule 21 (*Form of Borrower Notice*) or in such other form as may from time to time be agreed between the Seller and the Purchaser or (ii) Clause 10.8(iv) of the RMA, in a form containing such information as is then required by any applicable Data Protection Legislation;

Brexit means the withdrawal of the United Kingdom from the European Union;

Brexit Option Notice means a notice from the Seller to the Purchaser indicating that the Seller wishes to add the UK Sub as a party to this Agreement as an Additional Seller and setting out the proposed date on which the Seller wishes the UK Sub to become an Additional Seller;

Business Day means a calendar day (other than a Saturday or Sunday) on which banks are generally open for business in London, Luxembourg, Frankfurt and New York and which is a TARGET Day;

Change of Control means, with respect to an entity, any change in the person who (together with its Affiliates):

(a) has the power (directly or indirectly) to appoint majority of the members of the board of directors (or equivalent body), or direct management of and policies of such entity, whether through the ownership of voting capital, by contract or otherwise; or

(b) holds, directly or indirectly, more than 50 per cent. of the legal and beneficial interest in the issued share capital of such entity;

Charged-off Receivable means a Receivable in respect of which:

(a) any amount due in respect of the Personal Loan to which that Receivable Relates has been overdue for payment for more than [* * *] days; and/or

(b) the Seller has received [* * *] days' notification of the confirmed bankruptcy of the relevant Customer; and/or

(c) the Seller has received [* * *] day's notification of the confirmed death of the relevant Customer,

together with such other Receivable as may be deemed to be charged-off in accordance with the then applicable Collections Policies;

Class A Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class A Lender means the provider of a Class A facility to the Purchaser pursuant to the Class A Facility Agreement;

Class B Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class B Lender means the provider of a Class B facility to the Purchaser pursuant to the Class B Facility Agreement;

Class C Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class C Lender means the provider of a Class C facility to the Purchaser pursuant to the Class C Facility Agreement;

Closing Date means the first date on which both the Seller and the Purchaser have confirmed that the initial conditions precedent set out in Schedule 1 are satisfied;

Collections means any amount received by the Receivables Manager directly or indirectly from a Borrower by way of payment (including payment by way of sweep of the relevant Borrower's e-money wallet in accordance with the relevant Loan Agreement) of an amount due in respect of a Receivable forming part of the Portfolio but excluding, for the avoidance of doubt any Excluded Amounts;

Collections Policies mean the Collections Policies set forth in schedule 1 (*Collections Policies*) of the Receivables Management Agreement, or any update, amendment or replacement of such policies as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Collections Sweep Payment has the meaning given in clause 8.2 of the Receivables Management Agreement;

Commitment Period means:

(a) in the case of the Back-Book Receivables, the period from (and including) the Closing Date to (but excluding) the earlier of (i) the Scheduled Commitment Period End Date; or (ii) any date on which this Agreement is terminated by either the Seller or the Purchaser in accordance with Clause 12 (*Termination Events*); and

(b) in the case of Receivables other than the Back-Book Receivables, the period from (but excluding) the last Back-Book Sale Date to (but excluding) the earlier of (i) the Scheduled Commitment Period End Date; or (ii) any date on which this Agreement is terminated by either the Seller or the Purchaser in accordance with Clause 12 (*Termination Events*);

Concentration Limits means (a) in respect of any Receivables to be added to the Portfolio which are specified in a Sale Notice, the concentration limits set out in Part A and Part B of Schedule 16 (*Concentration Limits*) and (b) in respect of the Back-Book Receivables, the concentration limits set out in Part C of Schedule 16 (*Back-Book Portfolio Concentration Limits*) of this Agreement;

Conditions Legal Opinions means the legal opinions in respect of certain matters relating to the Standard Documentation, as set out in paragraphs 23 to 27 (inclusive) of Part A (*Seller Initial Conditions Precedent*) of Schedule 1 (*Initial Conditions Precedent*) of this Agreement;

Confirmation Notice means the notice substantially in the form set out in Part B of Schedule 11 (*Form of Confirmation Notice*) to this Agreement evidencing the Receivables transferred from the Seller to the Purchaser at the Sale Time, provided by the Seller to the Purchaser in accordance with Clause 2.2 of this Agreement;

Confirmation Notice Date means the date on which each Confirmation Notice is delivered by the Seller to the Purchaser;

Consultation Period has the meaning given in Clause 12.5;

Corporation Tax means in relation to any entity treated as a company or corporation or any partnership limited by shares, any tax charged on or calculated by reference to net income, profits or gains in Luxembourg, the UK or any Relevant Jurisdiction;

[* * *]

Current Balance means, in relation to a Receivable on a particular date, the Principal Balance as at such date plus (without double counting) all amounts of due but unpaid interest (where applicable), fees, charges or premium due to be paid by or on behalf of the underlying Borrower (including any extension or "More Time to Pay" fee) in accordance with the relevant Loan Agreement together with any amounts in arrears which have not been capitalised and added to the Principal Balance, but excluding, for the avoidance of doubt, any Excluded Amounts;

Cut-Off Time means, in relation to a Receivable (that is not Back-Book Receivable or a Further Disbursement included in a Further Disbursement Confirmation Notice), (i) pursuant to the SND Title Transfer Option, the Sale Time for that Receivable , or (ii) pursuant to the Settlement Date Title Transfer Option, the point in time at which such Receivable is reflected in the System as "Pending Sale";

Data Protection Legislation means all applicable data protection and privacy legislation to the extent applicable from time to time including: (a) the Directive on Privacy and Electronic Communications (2002/58/EC); (b) the General Data Protection Regulation (***GDPR***) (EU) 2016/679; (c) national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC); (d) the UK GDPR; (e) the Privacy and Electronic Communications Regulations 2003; and (f) any relevant law, statute, declaration, decree, directive, legislative enactment, order, ordinance, regulation, rule or other binding instrument which implements any of the above or

which otherwise relates to data protection, privacy or the use of Personal Data, in each case as applicable and in force from time to time, and as amended, consolidated, re-enacted or replaced from time to time;

DBRS means DBRS Morningstar;

DE PayPal Ratenzahlung or ***DE PayPal Ratenzahlung Products*** means the DE Ratenzahlung 3M 0% APR, the DE Ratenzahlung 3M Positive APR, the DE Ratenzahlung 6M 0% APR; the DE Ratenzahlung 6M Positive APR; the DE Ratenzahlung 12M 0% APR; the DE Ratenzahlung 12M Positive APR; the DE Ratenzahlung 24M 0% APR; and the DE Ratenzahlung 24M Positive APR loan products;

DE Pi30 Loan means the "Germany Pay in 30" buy-now, pay-later Eligible Product originated by the Seller;

DE Ratenzahlung 3M 0% APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of three months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 3M Positive APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of three months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 6M 0% APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of six months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 6M Positive APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of six months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 12M 0% APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of twelve months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 12M Positive APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of twelve months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 24M 0% APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of twenty-four months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

[* * *]

DE Ratenzahlung 24M Positive APR means the "Germany PayPal Ratenzahlung" buy-now, pay-later Eligible Product with a term of twenty-four months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

Default Interest means in respect of EUR amounts, 1m EURIBOR at the due date of the relevant payment plus 1%, and, in respect of GBP amounts, SONIA plus 1%;

Deferred Purchase Price has the meaning given to it in Clause 5.3 (*Consideration*);

Delinquency Curve means for a Receivable, the forecast delinquency ordered by seasoning point which will be equal to the expected principal balance of Receivables which are the same Product and Credit Cohort as such Receivable that are past due at each seasoning point divided by the expected principal balance of all Receivables which are the same Product and Credit Cohort as such Receivable at each such seasoning point;

[* * *]

Disclosed means accurately and fairly disclosed with sufficient details so as to enable the Purchaser to make a reasonably informed assessment of the nature and scope of the fact, matter or circumstance disclosed by the Disclosure Letter;

Disclosure Letter means the letter from the Seller to the Purchaser executed and delivered on the date of this Agreement;

[* * *]

Disruption Event means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Portfolio (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Transaction Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Transaction Documents,

(iii) and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

Draft Instruments means any negotiable instrument in the form of a bill of exchange (*letra de cambio*), a promissory note (*pagaré*) or a cheque (*cheque*), issued pursuant to Spanish Act 19/1985 dated 16 July ("*Ley 19/1985 de 16 de julio, Cambiaria y del Cheque*") as amended or superseded from time to time;

Eligibility Criteria means the eligibility criteria set out in Schedule 14 (*Eligibility Criteria*) to this Agreement;

Eligible Products means each of the PayPal Personal Loan products listed in Schedule 15 (*List of Eligible Products*);

Eligible Receivables means the Receivables that satisfy the Eligibility Criteria;

Enforcement Notice has the meaning given to such term in the Master Framework Agreement;

English Standard Documentation means, in respect of Receivables, the English standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User

Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

ES Pi3 means the "Spain Pay in 3" buy-now, pay-later Eligible Product originated by the Seller;

Estimated Back-Book Purchase Price means the estimated purchase price of the Back-Book Receivables set out in a Back-Book Sale Notice;

EU Receivables means French Receivables, German Receivables, Italian Receivables and Spanish Receivables;

EU Receivables Manager means the Seller;

EU Securitisation Regulation means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, including any implementing regulation, technical standards and official guidance related thereto;

[* * *]

EUR Receivable means a Receivable denominated in EUR;

Euro Equivalent means (i) in respect of amounts denominated in EUR, that amount, and (ii) in respect of amounts denominated in GBP or in US Dollars, such amount converted to EUR at the then applicable spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date;

EUWA means the European Union (Withdrawal Act) 2018 (as amended by the EU (Withdrawal) Agreement) Act 2020);

Event of Default means an event of default pursuant to any Facility Agreement;

Excluded Amounts means:

(a) any recalled payments and amounts required to be returned or refunded to the Borrower under the terms of a Loan Agreement or under any applicable law or regulation;

(b) any amount held by the Seller or the Receivables Manager on behalf of the Borrower in respect of e-money balances in the Borrower's e-money wallet;

(c) all Third Party Amounts;

(d) any amount of statutory interest collected by a third party collection agent;

(e) any amount of VAT or amount in respect of VAT for which the Seller is liable to account to any Tax Authority with respect to any supplies made by or treated as made by the Seller to any Borrower;

(f) any amount in respect of fees received from merchants, including the "standard merchant fee" in respect of all credit products in each Relevant Jurisdiction; and

(g) [* * *];

[* * *]

Facility Agreements means each facility agreement entered into by the Purchaser as borrower on or about the date of this Agreement in order to finance the acquisition of Receivables pursuant to this Agreement;

Facility Provider means each Class A Lender, Class B Lender and Class C Lender;

[* * *]

Forward Rate Agreement means for each Sale Notice Date, a forward rate agreement transaction to be entered into under a Hedging Agreement (as defined in the Master Framework Agreement) between the Purchaser and a Hedge Counterparty on such Sale Notice Date for the purposes of hedging the interest rate risk in respect of all Receivables transferred to the Purchaser pursuant to the Sale Notice delivered on such Sale Notice Date with terms as follows: (i) monthly payment dates, (ii) the Purchaser will pay a fixed rate to the Hedge Counterparty, (iii) the Hedge Counterparty will pay a floating rate to the Purchaser either equal to Compounded SONIA for Receivables denominated in GBP or EURIBOR for Receivables denominated in EUR, and (iv) with a notional amount profile as agreed between the Hedge Counterparty and the Class C Lender.

FR Pi4 means the "France Pay in 4" buy-now, pay-later Eligible Product originated by the Seller;

FR Products or ***French Products*** means the FR Pi4 loan product;

French Receivables means Receivables governed by the law of France;

French Standard Documentation means, in respect of Receivables, the French standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Further Disbursement means in respect of any Personal Loan, any loan amount advanced or deemed to be advanced to the relevant Borrower after the first advance made under that Personal Loan;

Further Disbursement Confirmation Notice means a notice substantially in the form set out in Part C of Schedule 11 (*Form of Confirmation Notice*) to this Agreement in respect of Receivables which are Further Disbursements and sent by the Seller to the Purchaser under Clause 2.14 of this Agreement;

[* * *]

German Products means the DE Pi30 Loans and the DE PayPal Ratenzahlung loan products;

German Receivables means Receivables governed by the law of Germany;

German Standard Documentation means, in respect of Receivables, the German standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Hedging Agreement has the meaning given in the Master Framework Agreement;

Hedge Counterparty has the meaning given in the Master Framework Agreement;

IFRS means the International Financial Reporting Standards issued by the International Accounting Standards Board, as amended, supplemented or replaced from time to time;

Indemnification Amount has the meaning given in Clause 9.17;

Ineligible Transferee means any of the entities specified in Schedule 17 (*Ineligible Transferees*) and any Affiliates of such entities directly controlling more than 50 per cent. of the ownership interests in such entities as of the date of this Agreement, but excluding any such entity that is an Approved Class A Transferee (as defined in the Master Framework Agreement);

[* * *]

Insolvency Event means, with respect to any person, any of the following:

(a) it is unable or admits inability to pay its debts as they fall due or, by reason of actual or anticipated financial difficulties, commences negotiations with any class of its creditors with a view to rescheduling any of its indebtedness;

(b) it is in a state of cessation of payments (*cessation de paiements*) or otherwise suspends making payments on its debts generally;

(c) a moratorium has been declared or takes effect in respect of its indebtedness;

(d) a final court order is made or a corporate resolution is passed for its winding-up, voluntary or judicial liquidation or dissolution, bankruptcy, insolvency, administration, reorganisation, composition with creditors, controlled management, reprieve from payment, general settlement with creditors or any analogous procedure under the laws of the jurisdiction in which such person is incorporated (by way of voluntary arrangement, scheme of arrangement or otherwise but excluding any solvent reorganisation, rearrangement or similar arrangement);

(e) a receiver, liquidator, receiver, administrator receiver, administrator, compulsory manager, interim manager, custodian, manager or other similar officer is appointed in respect of it or all of its assets;

(f) an application for its winding-up or liquidation (or any analogous action under the laws of the jurisdiction in which such person is incorporated) could otherwise be made against that person due to it being insolvent in accordance with the applicable insolvency laws of the jurisdiction in which such person is incorporated; or

(g) solely in respect of the Seller, the taking of one or more resolution measures (as organised by the Luxembourg law dated 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and certain investment firms, as amended) or recovery, intragroup financial support and early intervention measures (as organised by the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended);

Insolvency Regulation means each of:

(a) Regulation (EU) 2015/848 of the European Parliament and of the European Council of 20 May 2015 on insolvency proceedings (recast) as amended; and

(b) Regulation (EU) 2015/848 of the European Parliament and of the European Council of 20 May 2015 on insolvency proceedings (recast) as it forms part of the domestic laws of the United Kingdom by virtue of the EUWA 2018 and as that Regulation has been amended by the Insolvency (Amendment) (EU Exit) Regulations 2019,

as the context requires;

Interest Product means each of the following Eligible Products:

(a) DE Ratenzahlung 3M Positive APR;

(b) DE Ratenzahlung 6M Positive APR;

(c) DE Ratenzahlung 12M Positive APR; and

(d) DE Ratenzahlung 24M Positive APR;

Irrecoverable VAT means any amount in respect of VAT which a person (or the representative member of the VAT group of which such person is a member) has incurred and which that person (or the representative member of such's person's VAT group) is not able to recover (by way of credit, refund or otherwise) from any relevant Tax Authority pursuant to and determined in accordance with any applicable law (including articles 48, 49.2, 55bis and 55ter of the Luxembourg law on VAT dated 12 February 1979, as amended or similar provisions in any other member state of the European Union or the United Kingdom);

IT Pi3 means the "Italy Pay in 3" buy-now, pay-later Eligible Product originated by the Seller;

Italian Products means the IT Pi3 loan product;

Italian Civil Code means Royal Decree No. 262 dated 16 March 1942;

Italian Receivables means Receivables governed by the law of Italy;

Italian Standard Documentation means, in respect of Receivables, the Italian standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Legal Reservations means:

(a) the principle that equitable or discretionary remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(c) the time barring of claims under the Limitation Acts;

(d) the possibility that an undertaking to assume liability for or to indemnify a person against non payment of United Kingdom stamp duty may be void;

(e) defences of set-off or counterclaim;

(f) similar principle, rights and defences under the laws of any Relevant Jurisdiction;

(g) any other matters which are set out as qualifications or reservations in the legal opinions delivered under or in connection with the Transaction Documents;

Loan Agreement means, in respect of any Receivable and the Personal Loan to which it relates, the agreement between the Seller and the related Borrower, substantially in the form of the Standard Documentation, the terms of which govern, amongst other things, the provision and administration of that Personal Loan and the payment of Receivables thereunder;

Loan Warranties has the meaning given in Clause 9.1(a);

[* * *]

Loss means in respect of any person, any losses, damages, costs, charges, claims, demands, expenses, judgments, action, proceedings or other liability whatsoever (including, without limitation, in respect of Tax) and includes any Irrecoverable VAT charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

Master Framework Agreement means the master framework agreement dated on or about this Deed and entered into between, amongst others, the Purchaser, the Seller, the Security Agent and the Class C Lender;

Material Adverse Effect means, a material adverse effect on or material adverse change in:

(a) the assets, business or financial condition of the Purchaser;

(b) the ability of the Purchaser to perform and comply with its obligations under this Agreement or any Transaction Document; or

(c) the validity or enforceability of any Transaction Document;

[* * *]

Maximum Commitment means at any time, the then aggregate of (i) the Total Class A Commitments, (ii) the Total Class B Commitments and (iii) the Total Class C Commitments (each as defined in the Master Framework Agreement);

Mid-Market Rate has the meaning given in the definition of Swap Rate;

Monthly Payment Date has the meaning given to the term “Payment Date” in the Master Framework Agreement;

Monthly Reporting Date means the date falling 15 Business Days after the end of each Reporting Period;

Monthly Settlement Date means the second Settlement Date after the Monthly Reporting Date of that calendar month;

[* * *]

Net Repurchase Price has the meaning given in the definition of Repurchase Price;

[* * *]

New VDR means the virtual data room with identification number [* * *] and named [* * *] hosted by Intralinks, Inc. in connection with the bid process;

Non-Interest Product means each of the following Eligible Products:

(a) FR Pi4;

(b) IT Pi3;

(c) ES Pi3;

(d) UK Pi3;

(e) DE Ratenzahlung 3M 0% APR;

(f) DE Ratenzahlung 6M 0% APR;

(g) DE Ratenzahlung 12M 0% APR;

(h) DE Ratenzahlung 24M 0% APR; and

(i) DE Pi30;

[* * *]

Notification Event has the meaning given in Clause 8.1;

NSF Fee means the fee applicable on an ACH Payment failure in respect of any ACH Payment in Germany;

OECD Model Tax Convention means the tenth edition model tax convention produced by the Organisation for Economic Co-operation and Development in 2017, which is available at: https://www.oecd.org/ctp/treaties/model-tax-convention-on-income-and-on-capital-condensed-version-

20745419.html;

Original Commitment Amount means in respect of a Receivable the aggregate original principal amount (including any potential Further Disbursements) agreed to be advanced by the Seller to a Borrower at the time of origination under the terms of the Loan Agreement relating to that Receivable;

[* * *]

Original Term means, in respect of an Eligible Receivable, the time from (and including) the date of its first disbursement to (and including) the date on which its final scheduled principal payment is scheduled to be made;

Original VDR means the virtual data room with identification number [* * *] and named [* * *] hosted by Intralinks, Inc. in connection with the bid process;

Party means a party to this Agreement from time to time;

Payment Date has the meaning given in Clause 5.2;

Payor has the meaning given in Clause 22.3;

PayPal Buyer Protection Payments means an amount to be credited to a Borrower's e-money balance in accordance with the terms of the "PayPal Buyer Protection" product feature pending resolution of a merchant dispute relating to that Borrower;

Perfection Requirements means the making or the procuring of the appropriate registrations, filings, endorsements, notarisations, stampings and/or notification of the Security Documents and/or the Transaction Security created thereunder;

Personal Data shall have the meaning given to it in the GDPR or, in the case of the UK, the UK GDPR;

Personal Loan means an unsecured personal loan made by the Seller to a Borrower in the ordinary course of the Seller's business;

Portfolio means all Receivables which the Purchaser has acquired in accordance with this Agreement from time to time and which have not been redeemed, transferred or repurchased or in respect of which no indemnification payment has been made in accordance with Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*);

Post-Charge Off Receipts means any Collections received in respect of Purchased Receivables where such Collections are received:

(a) more than 180 days after the due date for the relevant payment amount;

(b) more than 30 days after receipt by the Seller of notification of the death of the relevant Customer; or

(c) more than 60 days after receipt by the Seller of confirmation of the bankruptcy of the relevant Customer,

and where such Purchased Receivable has been identified as a Charged-Off Receivable in a Receivables Manager Monthly Report;

[* * *]

PPHI means PayPal Holdings, Inc.;

[* * *]

Principal Balance means, in relation to a Receivable on a particular date, the original principal amount(s) agreed to be repaid by the Borrower under the terms of such Receivable, as adjusted on that date to reflect (a) any reduction in the outstanding principal amount as a result of repayments or overpayments, the exercise of a right of set-off or any amount which has been written off or waived, and (b) any increase in the outstanding principal amount as a result of capitalisation of any fees (including any extension or "More Time to Pay" fee), costs, premiums or interest in accordance with the relevant Loan Agreement;

Priority of Payments has the meaning given to such term in the Master Framework Agreement;

Pro Forma Principal Amount means:

(i) in respect of Receivables arising from Loan Agreements which are fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables; and

(ii) in respect of Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables.

Purchase Conditions has the meaning given in Clause 2.6;

Purchase Price means, in respect of each Receivable, the amount denominated in EUR or GBP (as applicable) calculated by the Asset Model by discounting the Net Adjusted Payment Profile for such Receivable at the applicable Discount Rate at each seasoning date in respect of the period from its Sale Time until the expected time of receipt of each of the payments forecasted under its Net Adjusted Payment Profile;

Purchase Price Ratio means, in respect of a Purchased Receivable, the ratio, expressed as a percentage, of the Purchase Price for such Receivable to be applied to the Principal Balance of such Receivable as at the Sale Notice Date for such Receivable;

Purchased Receivables means all Receivables which the Purchaser has acquired and continues to own in accordance with this Agreement from time to time;

Purchaser Bank Accounts means each of the Purchaser EUR Bank Account and the Purchaser GBP Bank Account;

Purchaser EUR Bank Account means the Purchaser's EUR denominated bank account as notified in writing to the Seller on or prior to the Closing Date (and/or such other EUR denominated account(s) as the Purchaser may notify to the Seller in writing);

Purchaser GBP Bank Account means the Purchaser's GBP denominated bank account as notified in writing to the Seller on or prior to the Closing Date (and/or such other GBP denominated account(s) as the Purchaser may notify to the Seller in writing);

Purchaser Termination Event has the meaning given in Clause 12.2;

Quotation Rate has the meaning given in the definition of Swap Rate;

Rating Agency means any of S&P, Moody's, Fitch or DBRS;

Receivable means, in relation to a Personal Loan and the related Loan Agreement, the amounts the Borrower owes and is obliged to pay to the Seller from time to time in accordance with the terms of that Personal Loan and Loan Agreement and all other rights to payment owing by that Borrower to the Seller in relation to the Loan Agreement (including, without limitation, all rights (actual or contingent) relating to the repayment of principal

and the payment of interest and any Back-Book Receivables which have been purchased by and transferred to the Purchaser), and any Further Disbursements under a Personal Loan and the related Loan Agreement;

Receivables Management Agreement means the receivables management and administration agreement dated on or about the date of this Agreement and as may be amended and restated or supplemented from time to time, between the Receivables Manager, the Seller, the Purchaser and the Security Agent;

Receivables Management Fee has the meaning given in clause 13.1 of the Receivables Management Agreement;

Receivables Management Report means any report provided by the Receivables Manager in the form set out in Schedule 10 to the Receivables Management Agreement or in such other form as may be agreed from time to time between the Seller and the Class C Lender;

Receivables Manager Deed of Accession means a document substantially in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*);

Receivables Manager Resignation Event has the meaning given to it in clause 10.1(b) of the Receivables Management Agreement;

Receivables Manager Termination Notice has the meaning given to it in clause 10.5 of the Receivables Management Agreement;

Recipient has the meaning given in Clause 22.3;

Records means, at any time and with respect to any Receivable, all Loan Agreements and other documents, records and other information (including, without limitation, computer programs, tapes, disks, data processing software and related property and rights) relating to such Receivable, any Related Right or the related Borrower, which are necessary, in light of the circumstances then subsisting, to exercise ownership and other interest in the Receivables and to manage, collect or enforce such Receivable and Related Right in accordance with the terms of the Transaction Documents;

Regulatory Buyback Event has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Buyback Event Time has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Buyback Receivables has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Event Time has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Price has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Receivables has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Related Rights means, in relation to any Receivable:

(a) all amounts payable by the relevant Borrower in relation to such Receivable;

(b) any and all other present and future claims and rights under the relevant Loan Agreement (including the debt represented by it and rights of enforcement against the relevant Borrower) but excluding any right to grant credit under a Loan Agreement; and

(c) all Records related to such Receivable,

provided that prior to the provision of a Borrower Notice the Related Rights will not include any Personal Data of Borrowers;

[* * *]

Relevant Jurisdiction means:

(a) in respect of UK Receivables, England and Wales;

(b) in respect of German Receivables, Germany;

(c) in respect of French Receivables, France;

(d) in respect of Spanish Receivables, Spain; and

(e) in respect of Italian Receivables, Italy;

Relevant Local Schedule means:

(a) for UK Receivables, the provisions of Schedule 6 (*Provisions Relating to the Sale of UK Receivables*);

(b) for German Receivables, the provisions of Schedule 7 (*Provisions Relating to the Sale of German Receivables*);

(c) for French Receivables, the provisions of Schedule 8 (*Provisions Relating to the Sale of French Receivables*);

(d) for Spanish Receivables, the provisions of Schedule 9 (*Provisions Relating to the Sale of Spanish Receivables*); and

(e) for Italian Receivables, the provisions of Schedule 10 (*Provisions Relating to the Sale of Italian Receivables*);

Relief includes, unless the context otherwise requires, any relief, allowance, credit or set-off in respect of any Tax, or any deduction in computing income, profits or gains for the purposes of any Tax, any right to or actual refund, repayment or saving of Tax (including any repayment supplement, fee or interest in respect of Tax), and other amounts payable or paid by a Tax Authority in respect of Tax;

Repeating Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

[* * *]

Reporting Period means each calendar month starting from the calendar month in which the last Back-Book Sale Date occurs;

Repurchase Date means, in respect of the Purchased Receivables set out in a Repurchase Notice, the second date included in the file name for such Repurchase Notice when such Repurchase Notice is first delivered (as indicated by suffix ".01") in accordance with Clause 9.10 (*Repurchase for breach of Loan Warranties*) or

Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and* Fraud) of this Agreement the date of repurchase specified by the Seller in a Repurchase Notice delivered in accordance with Clause 9.10 (*Repurchase for breach of Loan Warranties*) of this Agreement;

Repurchase Notice means a notice delivered by the Purchaser in accordance with Clause 9.10 (*Repurchase for breach of Loan Warranties*) or Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and* Fraud) of this Agreement substantially in the form set out in Schedule 18 (*Form of Repurchase Notice*) to this Agreement;

Repurchase Price means:

[* * *]

Restricted Country has the meaning given in paragraph 15 of Part B of Schedule 2 (*Restricted Countries*);

Restricted Person means a person, organisation or vessel that is (i) listed on, or owned or controlled (as such terms, including any applicable ownership and control requirements, are defined and construed in the applicable Sanctions or in any related official guidance) by a person or organisation listed on any Sanctions List; or (ii) resident or located in, operating from, or incorporated or organised under the laws of a Sanctioned Country; or (iii) a government of a Sanctioned Country; or (iv) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country; or (v) a national government targeted by any Sanctions blocking its property (which, as of the date of this Agreement, includes Venezuela) or an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, such government; or (vi) otherwise a target of Sanctions or is acting on behalf of any of the persons listed in paragraphs (i) to (v) above, for the purpose of evading or avoiding, or having the intended effect of or intending to evade or avoid, or facilitating the evasion or avoidance of any Sanctions;

Risk Retention Letter means the risk retention letter delivered by the Purchaser to, among others, the Seller on or about the date of this Agreement, as may be amended from time to time;

Sale Notice means the notice substantially in the form set out in Part A of Schedule 11 (*Form of Sale Notice*) to this Agreement provided by the Seller to the Purchaser on a Sale Notice Date in accordance with Clause 2.1 of this Agreement;

Sale Notice Date means, for any Receivables which are not Further Disbursements or Back-Book Receivables, (i) the second Business Day (or such other day as may be agreed between the Seller and the Class C Lender) of each calendar week during the Commitment Period with the first Sale Notice Date during the Commitment Period being [* * *] (or such other date as may be agreed between the Seller and the Class C Lender) and (ii) [* * *];

Sale Notice Portfolio has the meaning given in Clause 2.6(d);

Sale Time means, in relation to a Receivable, the point in time at which the title to such Receivable is reflected by an automated process (to which the Seller exercises no discretion) in the System as being transferred from the Seller to the Purchaser;

Sanctioned Country means a country or territory which is, or whose government is, at any time subject to Sanctions generally prohibiting dealings with such government, country, or territory, which countries and

territories, as of the date of this Agreement, being Russia, the Crimea Region of Ukraine, the Donetsk People's Republic, the Luhansk People's Republic (each as defined and construed in the applicable Sanctions laws and regulations), Cuba, Iran, North Korea, Sudan and Syria;

Sanctions means any economic or financial sanctions laws, regulations, trade or any other embargoes, export control or restrictive measures imposed, administered, enacted or enforced by any Sanctions Authority;

Sanctions Authorities means (i) the United States government; (ii) the United Nations; (iii) the European Union; (iv) the United Kingdom; or (v) the respective governmental institutions and agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury (OFAC), the United States Department of State, and His Majesty's Treasury (and each a Sanctions Authority);

Sanctions List means any of the lists of designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time, including without limitation, the "Specially Designated Nationals and Blocked Persons" list, Foreign Sanctions Evaders List, and Sectoral Sanctions Identifications List each administered by OFAC; the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions; and the UK Sanctions List, the Consolidated List of Financial Sanctions Targets in the UK and Russia: List of Persons Named in Relation to Financial and Investment Restrictions, each administered by His Majesty's Treasury;

[* * *]

Scheduled Payment Profile means:

(a) in respect of a Receivable which is a Non-Interest Product, all scheduled customer payments of principal and fees (less Excluded Amounts) in respect thereof that are due to be received on the scheduled payment dates thereunder; and

(b) in respect of a Receivable which is an Interest Product, all scheduled customer payments of principal, interest and fees (less Excluded Amounts) in respect thereof that are due to be received on the scheduled payment dates thereunder;

Secured Creditors has the meaning given to such term in the Master Framework Agreement;

Securitisation Law means the Luxembourg law on securitisation of 22 March 2004 as amended;

Security Document has the meaning given to such term in the Master Framework Agreement;

Security Interest means any mortgage or sub mortgage, charge or sub charge (whether legal or equitable), encumbrance, pledge, lien, hypothecation, assignment by way of security, or other security interest or title retention arrangement or right of set-off and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business of an account bank for normal service charges or fees payable to them in connection with the relevant accounts or any related services, and any adjustments or corrections of any posting or encoding errors, or by operation of the law);

[* * *]

Seller Bank Accounts means each of the Seller EUR Bank Account and the Seller GBP Bank Account;

[* * *]

Seller Deed of Accession means a document substantially in the form set out in Part B of Schedule 20 (*Form of Seller Deed of Accession*);

Seller EUR Bank Account means the Seller's EUR denominated bank account as notified in writing to the Purchaser on or prior to the Closing Date (and/or such other account(s) as the Seller may notify to the Purchaser in writing);

Seller GBP Bank Account means the Seller's GBP denominated bank account as notified in writing to the Purchaser on or prior to the Closing Date (and/or such other account(s) as the Seller may notify to the Purchaser in writing);

Seller Group means the Seller and all of its direct and indirect Affiliates;

Seller Legal Expenses Costs has the meaning given to it in the [* * *];

Seller Termination Event has the meaning given in Clause 12.1;

Sequential Amortisation Event has the meaning given to it in the Master Framework Agreement;

Settlement Date means the date upon which the Purchaser makes payment in full of the relevant Purchase Price to the Seller for any Receivables;

Settlement Date Title Transfer Option means the subsequent title transfer arrangement in respect of the sale of any Receivables under this Agreement whereby title to Receivables will be transferred from the Seller to the Purchaser on the Settlement Date immediately following the Sale Notice Date on which such Receivables are included in a Sale Notice pursuant to Clause 2.4 hereof (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Purchase Price);

[* * *]

Signing Date means the date of this Agreement;

SND Title Transfer Option means the initial title transfer arrangement in respect of the sale of any Receivables under this Agreement whereby title to Receivables will be transferred from the Seller to the Purchaser at the Sale Time as soon as reasonably practicable on or after the relevant Sale Notice Date (due to the time taken to transfer title to the Receivables in the System) pursuant to Clause 2.2 hereof;

SONIA means the SONIA (sterling overnight index average) reference rate displayed on the relevant screen of any authorised distributor of that reference rate;

Spanish Products means the ES Pi3 loan product;

Spanish Receivables means Receivables governed by the law of Spain;

Spanish Standard Documentation means, in respect of Receivables, the Spanish standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User

Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Spot Rate Determination Date means with respect to any date, the date falling three Business Days prior to the immediately previous Monthly Payment Date (or in respect of a date prior to the date falling three Business Days prior to the first Monthly Reporting Date, 13 October 2023);

Standard Documentation means, in respect of Receivables, the English Standard Documentation, French Standard Documentation, German Standard Documentation, Italian Standard Documentation and Spanish Standard Documentation in the form set out in Schedule 4 (*Standard Documentation*) to this Agreement, or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Switch Notice means the notice to be given by the Seller to the Purchaser, the Receivables Manager and the Security Agent for the Seller to switch to the Settlement Date Title Transfer Option pursuant to Clause 2.5 of this Agreement;

System means the PayPal internal database or such other system as may from time to time be adopted by the Seller to record the Receivables (as notified to the Purchaser);

T2 means the real time gross settlement system operated by the Eurosystem, or any successor system;

TARGET Day means any day on which T2 is open for the settlement of payments in euro;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world, which is competent to impose any Tax, or assess or collect any Tax;

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under this Agreement;

Tax Event means any action taken by a Tax Authority or a change in applicable Tax law (excluding any change to the relevant rates of Tax) after the date of this Agreement which results in or will result in any of the following:

(a) the Purchase Price for any Receivables sold to the Purchaser being subject to VAT (whether accountable by the Seller Group or accountable by the Purchaser under a reverse charge system or otherwise) in circumstances where all or substantially all of such VAT is Irrecoverable VAT;

(b) the Purchaser being required by law to make any Tax Deduction from any payment of the Purchase Price for Receivables sold to the Purchaser or the Seller or the Receivables Manager being required by law to make any Tax Deduction from any payment to the Purchaser in respect of any Receivables sold to the Purchaser; or

(c) the Seller or the Receivables Manager being subject or charged to Corporation Tax in respect of any Receivables sold pursuant to this Agreement otherwise than by reference to its actual net income, profits or gains in respect of any amount payable to it by the Purchaser under this Agreement or the Receivables Management Agreement,

in each case, provided that the Affected Party shall have first (i) obtained advice from a reputable international Tax advisor confirming the occurrence of a relevant action or change giving rise to circumstances described in paragraph (a), (b) or (c) above, and (ii) provided to the other Party a copy of such advice and an officer's certificate confirming that such action or change has occurred, in which case the relevant Tax Event shall be deemed to have occurred on the date on which the other Party is treated as having received such officer's certificate in accordance with Clause 31 (*Notices*) of this Agreement. For the purpose of this definition, "***officer's certificate***" shall mean a certificate signed by any board member, director or secretary of the Affected Party or other senior individual designated as an authorised signatory of the Affected Party.

Taxes means all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and Tax and Taxation shall be construed accordingly;

Termination Events means the Seller Termination Events and the Purchaser Termination Events;

Test Receivable has the meaning given to it in Clause 13.1;

Testing Period Commencement Date means the earliest date on which each of (i) the Seller has confirmed to the Class C Lender that the System has been developed to record the transactions contemplated by this Agreement; (ii) the Seller and the Class C Lender have confirmed to each other that they have agreed interim draft forms of each of the Asset Model; (iii) 3PL has delivered (which may be by email) an executed copy of the 3PL Declaration of Trust to the Purchaser and has delivered (which may be by email) signed Notices of Declaration of Trust (as such term is defined in the 3PL Declaration of Trust) to each of the relevant Collection Account Banks (as such term is defined in the 3PL Declaration of Trust); and (iv) the Seller has delivered an executed copy of the PPEU Declaration of Trust to the Purchaser and has delivered signed Notices of Declaration of Trust (as such term is defined in the PPEU Declaration of Trust) to each of the relevant Collection Account Banks (as such term is defined in the PPEU Declaration of Trust);

Third Party Amounts means amounts applied or to be applied by the Seller in making payment of certain moneys which properly belong to third parties (including the Seller or the Receivables Manager) including (but not limited to):

(a) amounts under a direct debit which are repaid to the bank making such payment, if such bank is unable to recoup that amount itself from its customer's account; and

(b) amounts in respect of Borrower Credit Balance Refunds or PayPal Buyer Protection Payments where such amounts have been compensated for by an anti-dilution payment made by the Seller under Clause 9.20 (*Anti-Dilution*) and any refund or credit in respect of VAT.

[* * *]

Title Transfer Date means (i) in respect of any Receivable which is not a Further Disbursement, a Sale Notice Date pursuant to the SND Title Transfer Option or a Settlement Date pursuant to the Settlement Date Title Transfer Option, and (ii) in respect of any Further Disbursement, the date of such Further Disbursement is recognised;

Top 1 Merchant means, in respect of a Sale Notice Portfolio, the merchant in respect of the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

Top 5 Merchant means, in respect of a Sale Notice Portfolio, each of the five merchants which together have the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

Top 10 Merchant means, in respect of a Sale Notice Portfolio, each of the ten merchants which together have the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

[* * *]

Transaction Security means the security created under the Security Documents;

Transfer Taxes has the meaning given in Clause 22.5;

True-Up Adjustment means an adjustment to the Estimated Back-Book Purchase Price as set out in a True-Up Adjustment Notice;

True-Up Adjustment Notice has the meaning given to it in Part C of Schedule 3 (*Completion*);

Turbo Amortisation Event has the meaning given to it in the Master Framework Agreement;

UK GDPR has the meaning given to it in section 3(1) (as supplemented by section 205(4)) of the UK Data Protection Act 2018);

UK Pi3 means the "UK Pay in 3" buy-now, pay-later Eligible Product originated by the Seller;

UK Products means the UK Pi3 loan product;

UK Receivables means Receivables governed by the law of England and Wales;

UK Receivables Manager means the UK Sub;

UK RM Accession Date has the meaning given to it in Part C of Schedule 19 (*Form of Receivables Manager Deed of Accession*);

UK Securitisation Regulation means the EU Securitisation Regulation as it forms part of domestic law in the United Kingdom as implemented by virtue of EUWA, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA or other relevant UK regulator (or their successor) in relation thereto;

UK Seller Accession Date has the meaning given to it in Part B of Schedule 20 (*Form of Seller Deed of Accession*);

UK Sub means an indirect subsidiary of PPHI incorporated in England and Wales for the purposes of originating and managing the UK Receivables;

[* * *]

Underwriting Policies means the credit risk policies in the form set out in Schedule 5 (*Underwriting Policies*) of this Agreement, or any update, amendment or replacement of such policies as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

US GAAP means the US Generally Accepted Accounting Principles, as amended, supplemented or replaced from time to time;

User Agreement means the Seller's user agreement governing the use of any PayPal account and any PayPal services, or any update, amendment or replacement of such user agreement as the Seller may effect from time to time;

Utilisation Date means has the meaning given to such term in the Master Framework Agreement;

VAT means:

(a) value added tax imposed by the Luxembourg law on value added tax dated 12 February 1979, as amended; and

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), as amended; and

(c) any other tax of a similar nature, whether imposed in Luxembourg or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) and (b) above or imposed elsewhere (including, for the avoidance of doubt, any value added tax charged in accordance with the United Kingdom Value Added Tax Act 1994, as amended);

Volcker Rule means Section 13 of the U.S. Bank Holding Company Act of 1956 (together with its implementing regulations);

Weighted Average Original Term means, in respect of a group of Eligible Receivables, the weighted average original term of such Eligible Receivables to be calculated taking into account the timing and amount of all scheduled principal payments under such Eligible Receivables.

Signature Pages

IN WITNESS whereof, this Agreement has been executed and delivered on the day and year first above written.

The Seller

SIGNED)
for and on behalf of)
PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

…….
Authorised Signatory

The Purchaser

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By:

…….
Authorised Signatory

The Security Agent

SIGNED)
for and on behalf of)
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)

By:

…….
Name:

The Receivables Manager

SIGNED)
for and on behalf of)
PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

…….
Authorised Signatory

The Back-Up Receivables Manager Facilitator

SIGNED)
for and on behalf of)
AVEGA S.À R.L.)

By:

…….
Name:

The Class C Lender

SIGNED)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)

By:

…….
Name:

Exhibit 10.3

In this Exhibit 10.3, the notation "[* * *]" identifies certain information that has been excluded because it is both not material and is the type that the registrant treats as private or confidential.

Amended and Restated Receivables Management Agreement

Dated 16 June 2023
(as amended and restated on 13 October 2023)

ALPS PARTNERS S.À R.L.
as *Purchaser*

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Receivables Manager and Seller*

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as *Security Agent*

AVEGA S.À R.L.
as *Back-Up Receivables Manager Facilitator*

ALPS PARTNERS (HOLDING) S.À R.L.
as *Class C Lender*

RECEIVABLES MANAGEMENT AGREEMENT

CONTENTS

CLAUSE PAGE

1.	Definitions	2
2.	The Receivables Manager	3
3.	Sub-Contracting, Delegation and Outsourcing	5
4.	Standard of Care	7
5.	Duties of the Receivables Manager	7
6.	Data Protection	9
7.	Reporting Requirements	10
8.	Cash Management	11
9.	Collections Reserve and Dilutions Reserve	12
10.	Resignation; Receivables Manager Termination Event	17
11.	Brexit Options	24
12.	Notice of Force Majeure Event; and Notice of Proceedings	24
13.	Receivables Manager Fee, Expenses and VAT	25
14.	Representations and Warranties	26
15.	Covenants	29
16.	Liability	31
17.	Indemnity	31
18.	Entire Agreement	32
19.	Withholdings and set-off	33
20.	Confidentiality	33
21.	Further assurance	35
22.	Amendments and Waivers	35
23.	Notices	35
24.	Bail-In	36
25.	Third Party Rights	37
26.	Severability	37
27.	Counterparts	37
28.	Limited Recourse and Non-petition	38
29.	Luxembourg Securitisation Act	39
30.	Governing Law and Jurisdiction	39
Schedule 1 Collections Policies		41
Schedule 2 Receivables Management Fee		42
Schedule 3 Form of Receivables Manager Power of Attorney (Luxembourg Law)		43
Schedule 4 Form of Receivables Manager Power of Attorney (English Law)		45
Schedule 5 Form of Receivables Manager Power of Attorney (French Law)		47
Schedule 6 Form of Receivables Manager Power of Attorney (German Law)		49
Schedule 7 Form of Receivables Manager Power of Attorney (Italian Law)		51
Schedule 8 Form of Receivables Manager Power of Attorney (Spanish Law)		54
Schedule 9 Definitions		56
Schedule 10 Form of Receivables Management Report		64

THIS RECEIVABLES MANAGEMENT AGREEMENT was executed as a deed (this ***Deed***) on 16 June 2023 (and is amended and restated on 13 October 2023)

BETWEEN:

(1) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050 (the **SV**), and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***);

(2) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Seller*** and the ***Receivables Manager***);

(3) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the ***Security Agent*** which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);

(4) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the ***Back-Up Receivables Manager Facilitator***); and

(5) **ALPS PARTNERS (HOLDING) S.À R.L.,** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the ***Class C Lender***),

each a ***Party*** and together the ***Parties***.

WHEREAS:

(A) The Receivables Manager carries on the business of, inter alia, managing and administering its own-originated buy now pay later customer loans in each Relevant Jurisdiction.

(B) The Seller has agreed to offer to sell and the Purchaser has agreed to accept the Seller's offer in respect of the Seller's whole right, title, interest and benefit in and to the Receivables and any Related Rights (without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event) for the consideration and upon the terms and subject to the conditions of the Receivables Purchase Agreement.

(C) The Seller in its capacity as Receivables Manager has agreed to continue to provide loan administration duties with respect to the Purchased Receivables comprising the Portfolio from time to time on and subject to the terms and conditions of this Deed.

IT IS AGREED that:

1. Definitions

1.1 Capitalised terms in this Deed shall, except where the context otherwise requires or where otherwise defined in Schedule 9 (*Definitions*), have the meanings given to them in Schedule 22 (*Definitions*) of the Receivables Purchase Agreement between, among others, each of the Parties to this Deed and dated on or about the date of this Deed (as amended, varied or supplemented from time to time) (the ***Receivables Purchase Agreement***) and this Deed shall be construed in accordance with the principles of construction set out in Clause 1 (*Definitions and Interpretation*) of the Receivables Purchase Agreement.

1.2 This Deed is the Receivables Management Agreement referred to in the Receivables Purchase Agreement. In the event of any conflict between the provisions of this Deed and the provisions of the Receivables Purchase Agreement, the provisions of the Receivables Purchase Agreement shall prevail.

1.3 Management of risks

The Parties expressly agree that the Receivables Manager will perform the Duties set out in Clause 5 (*Duties of the Receivables Manager*) including collection of the Receivables and related tasks. The Parties acknowledge, to that end, that the provisions of Articles 60 and 61(2) of the Securitisation Act 2004 will apply to this Deed.

1.4 Security Agent

The Security Agent has agreed to become a party to this Deed only for the purpose of taking the benefit of contractual provisions expressed to be given in its favour (also for the purposes of article 1411 of the Italian Civil Code), enabling better preservation and enforcement of its rights under this Deed, the Master Framework Agreement and the Security Documents and for administrative ease associated with matters where its consent is required. The Security Agent shall not assume any liabilities or obligations under this Deed unless such obligation or liability is expressly assumed by the Security Agent in this Deed. All the provisions of the Master Framework Agreement and the Security Documents relating to the exercise by the Security Agent of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Security Agent of its powers, trusts, authorities, duties, rights and discretions under this Deed. In the event of any inconsistency between the

terms of the Master Framework Agreement, the Security Documents and this Deed in relation to the exercise by the Security Agent of its powers, trusts, authorities, duties, rights and discretions, the terms of the Master Framework Agreement shall prevail. The exercise or performance by the Security Agent of its rights, remedies or functions under this Deed are subject in all respects to the terms of the Master Framework Agreement and the Security Documents.

If there is any change in the identity of the Security Agent in accordance with the Security Documents, the Parties to this Deed shall execute such documents and take such action as the new trustee and the outgoing trustee may require for the purpose of vesting in the new trustee the rights, powers and obligations of the outgoing trustee, and releasing the outgoing trustee from its future obligations, under this Deed.

Nothing in this Deed shall impose any obligation or liability on the Security Agent to assume or perform any of the obligations or liabilities of the other Parties to this Deed hereunder or render it liable for any breach thereof.

The Security Agent does not assume, nor shall it be deemed to have assumed, any duty of care, responsibility or obligation to, or relationship of trust or agency with, any Party, save as expressly provided in the Security Documents and in this Clause 1.4.

The Parties are deemed to have notice of, and are bound by, the provisions of the Security Documents.

Following the delivery of an Enforcement Notice, the Receivables Manager shall act on the instruction of the Security Agent with regard to its obligations under this Deed. For the avoidance of doubt, unless otherwise specified in this Deed, in the Receivables Purchase Agreement or any other Transaction Document to which the Receivables Manager is a party, until an Enforcement Notice has been delivered, the Receivables Manager shall have no obligation to act on the instruction of the Security Agent in respect of this Deed.

1.5 The rights of the Security Agent under the terms of this Deed shall cease to have effect as of the date on which the Secured Obligations have been fully and irrevocably paid or discharged. For the avoidance of doubt, all other provisions of this Deed shall remain in full force and effect for the duration of this Deed.

2. The Receivables Manager

2.1 The Receivables Manager agrees and undertakes to the Purchaser and the Security Agent to administer, collect and manage the Purchased Receivables comprising the Portfolio, including, without limitation, performing the duties as set out in Clause 5 (*Duties of the Receivables Manager*) (collectively, the ***Duties***).

2.2 For the purpose of Italian law, it being understood that each of the Purchaser and the Security Agent hereby appoint, with the express consent pursuant to article 1395 of the Italian Civil Code, the Receivables Manager to be its *mandatario con rappresentanza* for the purpose of executing in the name and on behalf of the Purchaser and the Security Agent any Italian law

governed document, any other agreement or instrument, give or receive any notice or declaration, identify and specify to third parties the names of the Purchaser and the Security Agent at any given date which is expressed to be governed by Italian law, relating to the activities to be performed by the Receivables Manager during the Receivables Management Period.

2.3 Subject to Clause 10.13 below, this Deed shall be effective from the first sale of Test Receivables pursuant to Clause 13 of the Receivables Purchase Agreement until the Receivables Management Termination Date (such period, the ***Receivables Management Period***), provided that:

(a) Clauses 14, 15 and 16 shall be effective from the date of this Deed; and

(b) for the period from the first sale of Test Receivables to the first Back-Book Sale Date the provisions of Clauses 7, 9, 10.2, 10.3, 10.4, 10.5, 10.7, 10.8, 10.9, 10.10, 10.12, 11, 13 and 17 shall not apply nor shall any breach of any provision of this Deed in respect of any Test Receivables or its sale or management constitute a Purchaser Termination Event or a Receivables Manager Termination Event.

Following the Receivables Management Termination Date, the Receivables Manager shall have no further rights or obligations under this Deed other than those expressed to survive the termination of this Deed and other than its continuing right to receive payment of any accrued and unpaid Receivables Management Fee.

2.4 The Receivables Manager confirms:

(a) it has received a copy of all of the Transaction Documents; and

(b) in performing the Duties, it will act in accordance with this Deed and the other Transaction Documents and comply in all material respects with any applicable law and regulation.

2.5 During the Receivables Management Period, the Receivables Manager shall only be required to perform the Duties and other obligations expressly provided for in this Deed and the other Transaction Documents to which it is a party and, subject to Clause 2.6 and the other terms and conditions of this Deed, shall have the right to exercise the rights and duties under the relevant Loan Agreements, including the full power, authority and right to do or cause to be done any and all things which it reasonably considers necessary, desirable, convenient or incidental to the performance of the Duties and obligations.

2.6 The Receivables Manager shall not:

(a) have any authority whatsoever in determining the operating and financial policies of the Purchaser and the Receivables Manager hereby acknowledges that all powers to determine such policies (including the determination of whether or not any particular policy is for the benefit of the Purchaser) are, and shall at all times remain, vested in

the Purchaser and none of the provisions of this Deed or of the Transaction Documents shall be construed in a manner inconsistent with this Clause 2.6; or

(b) without the prior consent of the Purchaser, be entitled to make the Purchaser party to any litigation proceedings with a Borrower.

2.7 At all times during the Receivables Management Period, the Purchaser authorises the Receivables Manager and any sub-contractor, delegate, or service provider appointed in accordance with Clause 3 to take:

(a) any and all steps on behalf of the Purchaser as are necessary or desirable, in the reasonable determination of the Receivables Manager, to collect all amounts due under any and all Receivables and the Related Rights and to enforce the Purchased Receivables forming part of the Portfolio, any Related Rights and the related Loan Agreements;

(b) any and all actions necessary or desirable to grant Permitted Modifications in respect of the Purchased Receivables owned by the Purchaser; and

(c) all such other actions in respect of the Duties and any other actions expressed to be taken by the Receivables Manager (including if required to act on behalf of the Purchaser) in any of the Transaction Documents.

2.8 For the purposes of Clause 2.7, the Purchaser shall (i) execute and deliver to the Receivables Manager, on or prior to the Closing Date, the powers of attorney substantially in the form of Schedule 3 (*Form of Receivables Manager Power of Attorney (Luxembourg Law*)) to Schedule 8 (*Form of Receivables Manager Power of Attorney (Spanish Law)*) (inclusive); and (ii) agrees that, promptly upon written demand of the Receivables Manager, or its own initiative, it will grant to the Receivables Manager (and the attorneys selected by it, if appropriate) a power of attorney, including in notarial form (if appropriate) that the Receivables Manager or the Purchaser may reasonably request in any relevant jurisdiction.

2.9 The Receivables Manager acknowledges that a Security Interest has been granted by the Purchaser over the Purchased Receivables comprising the Portfolio in favour of the relevant Secured Creditors or the Security Agent on behalf of the Secured Creditors, as applicable.

2.10 At any time after an Enforcement Notice has been served under the terms of the Class A Facility Agreement, the Class B Facility Agreement and/or the Class C Facility Agreement, the Security Agent may, by notice in writing to the Receivables Manager and the Purchaser (a ***Receivables Manager Instruction Notice***), require the Receivables Manager to act thereafter on the instructions of the Security Agent under the provisions of the Transaction Documents on the terms provided in this Deed save that the Security Agent's liability (without prejudice to the Purchaser's liability in respect thereof) under any provisions of this Deed for the indemnification, remuneration and payment of out-of-pocket expenses of the Receivables Manager shall be limited to amounts for the time being held by the Security Agent on the terms of the Transaction Documents and available to the Security Agent for such purposes.

2.11 Following the delivery of a Receivables Manager Instruction Notice, the Duties shall be provided for the benefit of the Security Agent acting for and on behalf of the Secured Creditors as and to the extent specified by the Security Agent in its sole discretion, and the Security Agent shall be entitled to enforce any and all rights of the Purchaser under this Deed in accordance with the Transaction Documents.

2.12 Except where this Deed provides otherwise, in the event that the Receivables Manager receives conflicting instructions from the Security Agent and the Purchaser, the instructions of the Security Agent shall prevail.

3. Sub-Contracting, Delegation and Outsourcing

3.1 Subject to, and to the extent permitted by, any applicable laws (including laws on outsourcing), the Receivables Manager may at any time during the Receivables Management Period at its discretion directly or indirectly sub-contract, delegate or outsource the performance of all or any of the Duties or its other obligations under this Deed to any person (including, without limitation, PayPal Europe Services Limited and 3PL) provided that the Receivables Manager shall use such care and diligence as would be expected of a reasonably prudent receivables manager of similar assets within the consumer finance industry in selecting any such sub-contractor, delegate or service provider and provided further that the Receivables Manager shall ensure that:

(a) other than with respect to any sub-contracting, delegation or outsourcing to 3PL, in any case where the sub-contractor, delegate or service provider receives any amount in relation to Purchased Receivables, the sub-contractor, delegate or service provider has expressly agreed in writing that pending transfer to the Seller, it shall hold any such amounts on the basis that they are held for the benefit of the Seller. For the avoidance of doubt, the sub-contractor, delegate or services provider shall not be required to segregate amounts relating to Purchased Receivables from other amounts owed to the Seller;

(b) it shall be a term of any such arrangements that the sub-contractor, delegate or service provider has, and shall maintain, all requisite licences, orders, approvals, authorisations and consents, including, without limitation, any necessary notifications under Data Protection Legislation and any authorisations and permissions under all applicable laws and regulations to enable it to fulfil its obligations under or in connection with any such arrangements;

(c) other than in respect of any sub-contracting, delegation or outsourcing to an Affiliate of the Seller, where the arrangements involve the custody or control of any files, policies or other material documents relating to Purchased Receivables for the purpose of performing any sub-contracted, delegated or outsourced Duties, the sub-contractor, delegate or service provider has executed an acknowledgement to the effect that all such files, deeds, policies and other material documents are and will be held to the order of the Receivables Manager; and

(d) such sub-contracting, delegation or service provider arrangements would not reasonably be expected to (i) give rise to a material additional Tax liability of the Purchaser or material additional Tax liability for which the Purchaser is liable to indemnify or compensate any other person under the Transaction Documents; or (ii) result in any deduction or withholding for or on account of Tax in respect of an amount payable to the Purchaser under the Transaction Documents, in each case to the extent to which the same would not have occurred absent any such sub-contracting, delegation or outsourcing, [* * *],

provided also that in each case such sub-contracting, delegation or service provider arrangements shall not discharge the Receivables Manager of the performance of its obligations under this Deed in respect of the Duties as set out in Clause 3.3.

3.2 Without prejudice to any right of the Receivables Manager to amounts due to it by the Purchaser under this Deed, neither the Purchaser nor the Security Agent shall have any liability in respect of any costs, fees, Taxes, charges or expenses (a) payable to or incurred by such sub-contractor, delegate or service provider, or (b) arising from the entry into, amendment or termination of any sub-contracting, delegation or outsourcing arrangements.

3.3 Notwithstanding any sub-contracting, delegation or outsourcing of the performance of any of its obligations under this Deed, the Receivables Manager shall not be released or discharged from any liability hereunder and shall remain responsible for the performance of its obligations under this Deed and (a) the performance or non-performance, or the manner of performance, of any sub-contractor, delegate or service provider of any of the Duties shall not affect the Receivables Manager's obligations under this Deed; and (b) any breach by a sub-contractor, delegate or service provider of any obligation of the Receivables Manager under this Deed shall be treated as a breach of this Deed by the Receivables Manager.

3.4 The Purchaser expressly acknowledges and agrees that each of PayPal Europe Services Limited, 3PL and any third party to whom the Receivables Manager sub-contracts, delegates or outsources directly or indirectly any matters relating to the management of the Purchased Receivables comprising the Portfolio (as permitted by the Form of the Receivables Manager Power of Attorney (Luxembourg law) in Schedule 3 (*Form of Receivables Manager Power of Attorney (Luxembourg Law*)) shall be deemed to have been appointed by the Purchaser itself for the purposes of Articles 60 and 61(2) of the Securitisation Act 2004.

4. Standard of Care

4.1 The Receivables Manager shall:

(a) devote to the performance of its duties and obligations under this Deed the amount of time and attention, and the level of skill, care and diligence, which would be expected at that time from a reasonably prudent receivables manager of similar assets within the consumer financial services industry and perform its duties and obligations under this Deed in a manner that is consistent with practices and procedures followed by a

reasonably prudent receivables manager of similar assets within the consumer financial services industry; and

(b) in any event, devote all such operational resources as are commercially reasonable to fulfil its obligations under this Deed and the other Transaction Documents to which it is a party.

5. Duties of the Receivables Manager

5.1 Subject to, and to the extent permitted by, any applicable laws, the terms of this Deed and any other Transaction Documents to which the Receivables Manager is a party, the Receivables Manager shall on a day-to-day basis, administer, collect and manage the Purchased Receivables and transfer the funds to the Purchaser, including the specific duties referred to in Clause 5.2.

5.2 The Receivables Manager shall perform, or sub-contract, delegate or outsource (as permitted by Clause 3 (*Sub-Contracting, Delegation and Outsourcing*), the following duties, which are specific to, and essential for the Purchaser, in respect of the management of the Purchased Receivables sold to the Purchaser according to Clause 2 of the Receivables Purchase Agreement:

(a) arranging for the transfer to the Purchaser of all sums received which belong to the Purchaser under or in respect of the Purchased Receivables, as specified by Clause 7.4(a) of the Receivables Purchase Agreement or under Clause 8 (*Cash Management*) of this Deed;

(b) undertaking and completing all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser to assist with the notification to the relevant Borrowers of the transfer of the Purchased Receivables to the Purchaser as described in Clause 8.6(a) of the Receivables Purchase Agreement;

(c) monitoring the activities of sub-contractors, delegates or service providers with respect to the Purchased Receivables;

(d) providing customer service and performing other activities customary for receivables management, including, without limitation, assisting with any correspondence and other communication with Borrowers, the Borrowers' banks and other third parties involved in connection with a particular Borrower;

(e) assuming accounting and reporting duties as provided for under this Deed (including, without limitation, the duty to collect, process, administer and use data necessary for the supervision and management of the Receivables) and any other Transaction Document to which it is a party;

(f) acknowledging the Eligibility Criteria applicable to the relevant Receivable;

(g) agreeing waivers and amendments to existing Loan Agreements in place with Borrowers, undertaking remediation exercises, and applying the Collections Policies,

provided that amendments may only be agreed if they qualify as a Permitted Modification;

(h) maintaining adequate resources and personnel to facilitate the performance of the Duties;

(i) maintaining a business continuity plan with respect to the systems used by the Receivables Manager in the event of a severe business disruption, insolvency or similar event; and

(j) carrying out any other functions and obligations as are further set out in this Deed and the other Transaction Documents to which it is a party.

5.3 The Receivables Manager agrees and undertakes that it shall not, and shall procure that its Affiliates, sub-contractors, delegates and service providers shall not, without the consent of the Purchaser agree to:

(a) any material modification to the terms of any Purchased Receivable; or

(b) any modification to the terms of any Purchased Receivable that may reasonably be expected to have an adverse effect on the value of such Receivable,

in each case other than a Permitted Modification.

5.4 If at any time a back-up receivables manager is appointed by the Purchaser, subject to compliance with applicable Data Protection Legislation and the Receivable Manager's internal data security policies, the Receivables Manager shall:

(a) provide the back-up receivables manager access to information about the Purchased Receivables that are subject to the back-up receivables management agreement; and

(b) provide all commercially reasonable assistance to such back-up receivables manager for it to perform its duties and obligations in accordance with the terms of the back-up receivables management agreement, including for the avoidance of doubt such information as would be necessary, following a Notification Event to allow the Purchaser or a successor receivables manager on its behalf to notify all Borrowers of the sale of the Purchased Receivables to the Purchaser.

5.5 In addition to the foregoing duties, the Receivables Manager may from time to time following the Closing Date provide the following ancillary services to the Purchaser, upon request and subject to the agreement of a separate fee arrangement in respect of any such duties, namely, assisting the Purchaser with a potential sale of any Receivables to a third party outside the Seller Group (to the extent that any such assistance does not give rise to any conflict of interest between the Receivables Manager and the Seller) including among other things: (i) analysing and reviewing sales proposals with respect to the Receivables which the Purchaser is proposing to sell to any such third party; (ii) at the request of the Purchaser, helping any proposed third party to carry out due diligence on the Receivables which the Purchaser is proposing to sell to the third party; (iii) providing due diligence services for the acquisition of

Purchased Receivables not originated by the Seller; and (iv) assisting the Purchaser with the negotiation of the terms of any agreement for the sale of Receivables to any such third party.

5.6 Regulatory Buyback Event

At the end of each day on which any Regulatory Buyback Event or Regulatory Retransfer Event has occurred, the Receivables Manager shall update the PayPal internal Teradata database, or any other internal system regularly used by PayPal to record new consumer loans and modifications thereto, to record any repurchase and retransfer that occurred on such day in accordance with paragraph 2 of Schedule 7 (*Provisions relating to Sale of German Receivables*) of the Receivables Purchase Agreement, including the date and time of such repurchase and retransfer and all such Purchased Receivables subject to the repurchase and transfer by the Purchaser to the Seller or by the Seller to the Purchaser, respectively.

6. Data Protection

6.1 Subject to Clause 6.3 and Clause 10.10, the Receivables Manager acknowledges that to the extent it processes Personal Data in connection with this Deed, it is doing so as a controller (as that term is defined in the GDPR, or in the case of the UK, the UK GDPR) with independent decisions on the purposes and means of the processing and it shall comply with (i) the Data Protection Legislation and (ii) any equivalent or similar legislation, rules, regulations or principles applicable in any other Relevant Jurisdiction. This includes, but is not limited to:

(a) processing that Personal Data for specified, explicit and legitimate purposes;

(b) processing that Personal Data in a manner that ensures appropriate security of the Personal Data including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical and organisational measures;

(c) implementing the measures mentioned in sub-clause (b) above, having regard to the state of technological development, the cost of implementing the measures, the nature, scope, context and purpose of processing and the risk of varying likelihood and severity for the rights and freedoms of natural persons so as to ensure a level of security appropriate to the risk. This may include, but is not limited to:

(i) the pseudonymisation and encryption of Personal Data;

(ii) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;

(iii) the ability to restore the availability and access to Personal Data in a timely manner in the event of a physical or technical incident; and

(iv) a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing;

(d) exercising professional judgement to determine the purpose and means of processing Personal Data in connection with the Purchased Receivables; and

(e) serving as the point of contact for Borrowers.

6.2 At no time before delivery of a Borrower Notice shall the Receivables Manager transfer any Personal Data to, or take instructions relating to Personal Data from, any other Party, or Parties, in connection with this Deed; and none of the provisions of this Deed or of the Transaction Documents shall be construed in a manner inconsistent with this Clause 6 (*Data Protection*).

6.3 Upon delivery of a Borrower Notice, the Receivables Manager shall, in respect of the Personal Data in connection with the Purchased Receivables subject to such Borrower Notice, immediately cease acting as controller as regards any processing of such Personal Data, and shall in connection with such Purchased Receivables, only process Personal Data as processor provided that the Receivables Manager shall:

(a) comply with the terms of the Transitional DPA to ensure compliance with the Data Protection Legislation;

(b) hold the Records to the order of the Purchaser and the Security Agent (or such person as the Purchaser and the Security Agent shall direct); and

(c) if instructed by the Purchaser or the Security Agent, transfer the Records, including all Personal Data held in connection with the Records, to such person as the Purchaser, or the Security Agent, shall direct.

For the avoidance of doubt, nothing in this Clause 6.3 shall prevent the Receivables Manager from retaining and processing Personal Data of Borrowers that do not relate exclusively to the Purchased Receivables.

7. Reporting Requirements

7.1 The Receivables Manager shall deliver to the Purchaser the Receivables Management Report (including, for the avoidance of doubt, data tapes) on each Monthly Reporting Date. The Receivables Manager will transmit the Receivables Management Report to the Purchaser, the Cash Manager, the Security Agent (if requested), the Back-Up Receivables Manager Facilitator (if requested), the Class C Lender, the Class A Facility Agent and the Class B Facility Agent no later than by 10.00 a.m. (London time) on the Monthly Reporting Date. The Purchaser, the Cash Manager, the Security Agent, the Class A Facility Agent and the Class B Facility Agent may transmit the Receivables Management Report to the Class A Facility Providers and the Class B Facility Providers. In addition, the Receivables Manager shall, if requested by the Purchaser and provided that [* * *] or such other agent has given confidentiality undertakings equivalent to those contained in this Agreement and has information security arrangements satisfactory to the Receivables Manager, provide a copy of the Receivables Management Report to [* * *] or to such other agent as may be appointed by

the Purchaser to enable the Purchaser to satisfy its reporting requirements under the UK Securitisation Regulation and the EU Securitisation Regulation.

7.1A. In addition, the Receivables Manager shall deliver to the Purchaser and the Class C Lender:

(a) on each Business Day a daily report summarising the Collections received on the second Business Day prior to the date of such daily report together with payments then due between the Seller and the Purchaser under this Agreement and the Receivables Purchase Agreement;

(b) on each Business Day, a daily report summarising the loan balances on such day of the Portfolio in the form agreed from time to time between the Seller and the Class C Lender; and

(c) by no later than 8:00am on the second Business Day of each calendar week, a weekly report in the form agreed from time to time between the Seller and the Class C Lender setting out Portfolio data as at close of business as recorded in the System on the last Business Day of the prior calendar week.

7.2 The Receivables Manager shall consider in good faith with a view to amending or supplementing the form of the Receivables Management Report from time to time, such changes as may be reasonably required by the Purchaser or any other party to the Transaction Documents to comply with its obligations under the Transaction Documents, provided that nothing in this Clause 7.2 shall require the Receivables Manager to supply any information or data to the extent that the Receivables Manager does not collect or track or calculate such information or data as at the date of this Deed.

7.3 For the avoidance of doubt, the Receivables Management Reports shall not contain any Personal Data.

7.4 The Receivables Manager shall upon request provide reasonable assistance to enable the Purchaser to satisfy its reporting requirements under the UK Securitisation Regulation and the EU Securitisation Regulation provided that nothing shall require the Receivables Manager to supply any information to the extent that the Receivables Manager does not collect or track such information as at the date of this Deed.

8. Cash Management

8.1 Collections

The Receivables Manager will collect, in accordance with the terms of this Deed, from each Borrower amounts due in respect of the Purchased Receivables in accordance with its customary methods from time to time for obtaining funds from a Borrower, including, without limitation, credit or debit card payments, debits of e-money balances, direct debit payments, bank transfers from the Borrower and collections from bank accounts.

8.2 Cash Sweeps

On each Collections Settlement Date, subject to Clause 8.3 and Clause 8.4, the Receivables Manager shall cause all Collections received to be transferred to the relevant Purchaser Bank Account for the appropriate currency within five Business Days of receipt by the Receivables Manager of the relevant Collections (each such payment, a ***Collections Sweep Payment***) [* * *] The Receivables Manager undertakes to make any Collections Sweep Payment to the Purchaser directly from an account held in the name of the Receivables Manager into which Collections are credited (directly or indirectly).

8.3 The following amounts shall not be transferred to a Purchaser Bank Account on a Collections Settlement Date:

(a) in respect of the Settlement Date Title Transfer Option, any Collections relating to Receivables sold on and following the Switch Notice becoming effective which are received between the relevant Sale Notice Date and the relevant Settlement Date in respect of any such Receivables; and

(b) any amount deducted from the Collections by the Receivables Manager under Clause 19.1.

8.4 The Purchaser shall pay to the Receivables Manager on each Payment Date in accordance with then applicable Priority of Payment (i) any Receivables Management Fee then due and payable pursuant to Clause 13.1 and (ii) any other amounts payable by the Purchaser to the Receivables Manager pursuant to this Deed (to the extent, in case of amounts payable under Clause 8.6 (*Settlement of Collections*) only, not satisfied by set off against the amount of Collections due to be transferred to the Purchaser by the Receivables Manager).

8.5 In relation to any amounts received from a Borrower, these will be allocated first to the satisfaction of any payment due in respect of a NSF Fee (which amount shall be retained by the Seller for its own account), and thereafter in accordance with the terms of the Loan Agreement and any applicable law or regulation.

8.6 Settlement of Collections

If the Receivables Manager has:

(a) caused any Collections to be transferred to the Purchaser in error; or

(b) in error caused any Collections which should have been so transferred not to be transferred to the Purchaser at the times and in the amounts contemplated by the Transaction Documents,

the Receivables Manager or Purchaser (as applicable) shall (i) as soon as is reasonably practicable upon becoming aware of such, notify the Receivables Manager or Purchaser (as applicable); and (ii) pay the Receivables Manager or the Purchaser (as applicable) on a monthly basis an amount equal to the amount of Collections for the previous calendar month made in error pursuant to sub-clause (a) or not made in error pursuant to sub-clause (b) (as

applicable). To satisfy the amount the Purchaser owes to the Receivables Manager, the Receivables Manager shall be entitled to set off the amount of such Collections so owed by the Purchaser to the Receivables Manager against any Collections otherwise due to be transferred to the Purchaser by the Receivables Manager.

For the avoidance of doubt, the Collections made in error pursuant to this Clause 8.6 shall include any payments of Collections made by the Receivables Manager to the Purchaser where the corresponding payment made by the Borrower to the Receivables Manager that is subsequently found to have been unsuccessful.

9. Collections Reserve and Dilutions Reserve

[* * *]

10. Resignation; Receivables Manager Termination Event

10.1 Resignation

(a) The Receivables Manager may not resign from the obligations and liabilities imposed on it pursuant to the terms of this Deed and each of the other Transaction Documents to which it is a party, provided that:

(i) the Receivables Manager may, with the prior written consent of the Purchaser or the Security Agent (following the delivery of an Enforcement Notice) (such consent not to be unreasonably withheld), resign as Receivables Manager if:

(A) an Affiliate of the Receivables Manager or any other person (satisfactory to the Purchaser or the Security Agent (following the delivery of an Enforcement Notice)) has agreed to act as successor receivables manager substantially on the terms and conditions of this Deed;

(B) such successor receivables manager has agreed to enter into (I) an agreement on substantially the same terms as this Deed to effect its assumption of the rights and duties of the Receivables Manager under the Transaction Documents; and (II) any agreements required by applicable laws including Data Protection Legislation, and any notifications to Borrowers required by applicable laws including Data Protection Legislation have been dispatched to each Borrower to their address of record; and

(C) the appointment of such successor receivables manager is not likely to (i) give rise to a material additional Tax liability of the Purchaser or a material additional Tax liability for which the Purchaser is liable to indemnify or compensate any other person under the Transaction Documents; or (ii) result in any deduction or

withholding for or on account of Tax in respect of an amount payable to the Purchaser under the Transaction Documents; and

(ii) if a resignation is affected under sub-clause (i) above, no such resignation will be effective until such successor receivables manager has been appointed pursuant to the documentation referred to in sub-clause (i) above and the Receivables Manager is in compliance with the requirements under Clause 10.8(a) to (f).

(b) Notwithstanding the resignation rights of the Receivables Manager in sub-clauses (a)(i) and (a)(ii) above, the Receivables Manager may resign if:

(i) without prejudice to the obligations of the Receivables Manager under this Deed (including, without limitation, under Clause 2.4(b) and Clause 14.1(e)), it becomes unlawful for it to perform or comply with any of its obligations under this Deed (including due to the Receivables Manager failing to hold, maintain or obtain any applicable permission or authorisation from any authority), provided that the Receivables Manager shall not be entitled to resign under this Clause 10.1(b)(i) unless it has made commercially reasonable endeavours to mitigate the circumstances giving rise to such unlawfulness unless such unlawfulness arises in a Relevant Jurisdiction as a result of a Borrower Notice having been given in which event the obligations of the Receivables Manager under the Deed in respect of Purchased Receivables in that Relevant Jurisdiction shall terminate with immediate effect; or

(ii) such performance becomes, in the opinion of the Receivables Manager, acting reasonably, materially more burdensome as a result of any actual or proposed change in any applicable law or regulation (other than any change to the rates of any Tax) and the Receivables Manager, having used commercially reasonable efforts to mitigate the circumstances giving rise to the impact of the actual or proposed change in any applicable law or regulation, has given not less than 90 days' notice of its resignation to the Purchaser provided that such resignation shall only be effective upon the appointment of a successor receivables manager substantially on the terms and conditions of this Deed.

Each of (i) the Receivables Manager and Purchaser both becoming aware of the relevant unlawfulness under Clause 10.1(b)(i), and (ii) the notification of resignation by the Receivables Manager under Clause 10.1(b)(ii), shall be referred to as a ***Receivables Manager Resignation Event***.

10.2 Receivables Manager Termination Event

The occurrence of any one or more of the following events shall constitute a ***Receivables Manager Termination Event*** with respect to the relevant Receivables Manager (in the case of Clause 10.2(i) only, subject to Clause 10.3):

(a) the first date upon which the Purchaser or the Security Agent gives notice, or requests the Seller to give notice, to any Borrower of the sale and assignment of any Purchased Receivable(s), or take any other action pursuant to Clause 8.6(a)] of the Receivables Purchase Agreement, following the occurrence of a Notification Event in accordance with the Receivables Purchase Agreement, provided that, where such notice is only given, or other action is only taken with respect, to Borrowers in a particular jurisdiction but not in all jurisdictions, this Receivables Manager Termination Event shall only cause a termination of the Receivables Manager's duties and obligations under this Deed in relation to the relevant jurisdiction where such notice has been given to Borrowers but shall not cause a termination of this Deed itself;

(b) the Receivables Manager fails to take any action required to transfer any amounts on behalf of the Purchaser (where such failure is not wilful, in an aggregate amount of not less than €[* * *] (or its equivalent in sterling)) pursuant to this Deed and such failure remains unremedied for five Business Days, unless such failure is caused by:

(i) an administrative or technical error; or

(ii) a Disruption Event,

and payment is made in accordance with the Settlement of Collections process pursuant to Clause 8.6;

(c) other than as set forth in the remainder of this Clause 10.2, the Receivables Manager fails to observe any material covenant or is in breach of its material obligations set forth in the Transaction Documents and such failure remains unremedied for 45 calendar days, commencing on the earlier of:

(i) the date on which the Receivables Manager has knowledge of that failure; or

(ii) the date on which written notice of that failure has been delivered to the Receivables Manager by the Purchaser or the Security Agent,

provided that such failure will not constitute a Receivables Manager Termination Event: (A) if a plan of remedy is agreed between the Receivables Manager, the Purchaser and the Security Agent (each in their discretion) and such failure is remedied within the time period agreed pursuant to that plan of remedy or (B) subject to sub-clause (e) below, it is caused by a Force Majeure Event;

(d) an Insolvency Event occurs with respect to the Receivables Manager;

(e) the Receivables Manager is prevented or severely hindered for a period of 60 calendar days or more from complying with its obligations under this Deed as a result of a Force Majeure Event and such Force Majeure Event continues for 30 calendar days after written notice of such non-compliance has been given to the Receivables Manager by the Purchaser or the Security Agent;

(f) it becomes unlawful for the Receivables Manager to perform or comply with its material obligations under this Deed (including due to the Receivables Manager failing to hold, maintain or obtain any applicable permission or authorisation from any authority);

(g) any representation or statement made by the Receivables Manager in this Deed is or proves to have been incorrect or inaccurate in any material respect when made or and (i) such incorrectness or inaccuracy would have a material adverse effect on the ability of the Receivables Manager to satisfy its obligations under this Deed, and (ii) in the case of the representation at Clause 14.1(p) (*Information in Receivables Management Reports*), any breach of such representation has not been cured within 30 days of the Receivables Manager becoming aware of such breach;

(h) if 3PL or any other member of the Seller Group ceases to control the Receivables Manager; and

(i) the Receivables Manager (or any sub-contractor, delegate or service provider) being treated by any Tax Authority as, or deemed to be, a permanent establishment, permanent representative or dependent agent of the Purchaser, in each case, within the meaning of the OECD Model Tax Convention and related commentary and applicable double taxation convention (a ***PE Event***), provided that such PE Event has or will have a material adverse effect on the Purchaser (a ***PE RM Termination Event***).

10.3 In the event that a PE RM Termination Event occurs, following the Receivables Manager's notification of such event pursuant to Clause 10.4:

(a) where such PE RM Termination Event relates to the Receivables Manager, for a period of 30 days after the date of such notification, the Parties shall consult with each other and cooperate in good faith to agree such changes to the Transaction Documents as the Parties may agree (including changes to the Parties) in order to mitigate the effect of or reduce the additional Tax incurred by the Purchaser as a result of the applicable PE RM Termination Event. If the Parties are unable to agree any such changes within that 30 day period (or such longer period as the Parties may in writing agree), the Purchaser may exercise its termination right pursuant to this Clause 10; and

(b) where such PE RM Termination Event relates to a sub-contractor, delegate or service provider of the Receivables Manager, the Receivables Manager shall for a period of 30 days (or such longer period as the Parties may in writing agree) use its reasonable endeavours to agree such changes or amendments to the sub-contracting, delegation or service provider arrangements as may reasonably be made in order to mitigate the effect of or reduce the additional Tax incurred by the Purchaser as a result of the applicable PE RM Termination Event. In the event that such amendments or changes cannot reasonably be made within that 30 day period (or such longer period as the Parties may in writing agree), or are insufficient, such that at the end of that period a

PE RM Termination Event continues with respect to the sub-contractor, delegate or service provider, the Purchaser may exercise its termination right pursuant to this Clause 10.

10.4 The Receivables Manager undertakes that it shall upon becoming aware of the occurrence of any Receivables Manager Termination Event notify the Purchaser and the Security Agent in writing of the same as soon as reasonably practicable and in any event within three Business Days of becoming so aware of such notice setting out details of cause of the relevant Receivables Manager Termination Event.

10.5 If any Receivables Manager Termination Event occurs, then the Purchaser may deliver a notice (a ***Receivables Manager Termination Notice***) to the Receivables Manager and the Security Agent setting out the Purchaser's intention to terminate the appointment of the Receivables Manager and to appoint a replacement party to service, administer and collect the Purchased Receivables.

10.6 The Purchaser acknowledges that following delivery of a Receivables Manager Termination Notice or upon occurrence of a Receivables Manager Resignation Event, in certain Relevant Jurisdictions it is required to appoint and maintain a suitably experienced and properly qualified receivables manager in respect of the Purchased Receivables.

10.7 On the occurrence of a Receivables Manager Termination Event or occurrence of a Receivables Manager Resignation Event that would result in the Receivables Manager becoming a processor as regards any processing of Personal Data in connection with the Purchased Receivables, the Receivables Manager shall agree on the terms of a data processing agreement with the relevant controller (in a form prepared by the controller and agreed by the Receivables Manager acting reasonably) (the ***Transitional DPA***). The Transitional DPA shall be entered into by the controller and Receivables Manager and become effective upon the Receivables Manager's receipt of a Receivables Manager Termination Notice or upon the Receivables Manager's resignation becoming effective in accordance with Clause 10.1(b)(i) and Clause 10.1(b)(ii), as applicable. The Transitional DPA shall:

(a) provide instructions from the controller to the Receivables Manager in relation to any Personal Data it is required to process on behalf of the controller during the Receivables Manager Transition (including regarding the transfer of Personal Data to the alternate successor receivables manager, and, to the extent necessary for the serving of Borrower Notices); and

(b) comply with Data Protection Legislation including, but not limited to, Article 28 of the GDPR, and in the case of the UK, Article 28 of the UK GDPR.

10.8 Other than in the event described in Clause 10.1(b)(i) where the Receivables Management Period terminates with effect immediately, following receipt by the Receivables Manager of a Receivables Manager Termination Notice or upon occurrence of a Receivables Manager Resignation Event, the Receivables Management Period shall terminate with effect from the date on which all of the following have been completed: (i) an alternate successor receivables

manager has been appointed with the prior written consent of the Purchaser and the Security Agent; (ii) such alternate successor receivables manager has accepted its appointment as successor receivables manager; (iii) such alternate successor receivables manager has entered into a receivables management agreement substantially similar to this Deed or on such other terms as are agreed by the Purchaser; and (iv) a notice containing details of any such appointment and all information required by applicable law (including information (provided by the Receivables Manager) relating to the Receivables Manager's transparency obligations under Data Protection Legislation has been dispatched to each Borrower to their address of record (the period between the date of the Receivables Manager Termination Notice, or the resignation of the Receivables Manager in accordance with Clause 10.1(a), or the occurrence of a Receivables Manager Resignation Event, and the termination of the Receivables Management Period being the ***Receivables Manager Transition***). Until the end of the Receivables Manager Transition the Receivables Manager shall:

(a) comply with the terms of the Transitional DPA;

(b) hold the Records to the order of the Purchaser and the Security Agent (or such person as the Purchaser and the Security Agent shall direct);

(c) provide all reasonable assistance and information subject to compliance with applicable Data Protection Legislation and to the Receivable Manager's data security policies to enable the successor receivables manager to perform the Duties as soon as reasonably practicable, including such records necessary to account for and collect the Purchased Receivables;

(d) hold any monies then held by it on behalf of the Purchaser together with any other assets of the Purchaser then held by it on trust for the benefit and to the order of the Purchaser and, following the delivery of an Enforcement Notice, the Security Agent;

(e) continue to perform all of the Duties unless prevented by any Force Majeure Event or any applicable law and/or regulation or unless otherwise directed by the Purchaser or the Security Agent; and

(f) take such further action in accordance with the terms of this Deed as the Purchaser or the Security Agent may reasonably direct in relation to the Receivables Manager's obligations under this Deed as may be necessary to enable the Duties to be performed by the successor receivables manager.

10.9 Following receipt by the Receivables Manager of a Receivables Manager Termination Notice or upon the Receivables Manager's resignation becoming effective in accordance with Clause 10.1(b)(i) and Clause 10.1(b)(ii), as applicable, the Receivables Manager shall hold the Records to the order of the Purchaser and the Security Agent (or such person as the Purchaser and the Security Agent shall direct) and, if instructed by Purchaser or the Security Agent, and subject to the controller and the Receivables Manager entering into the Transitional DPA in accordance with Clause 9.6, transfer the Records, including all Personal Data held in

connection with the Records, to such person as the Purchaser, or the Security Agent, shall direct.

10.10 Once the notice is given to Borrowers in accordance with Clause 10.8(iv) (such that the Receivables Manager ceases to be a controller and is under no obligation to continue to provide the Duties to any other Party), the Receivables Manager shall:

(a) immediately stop processing, as controller, any Personal Data that relate exclusively to the Receivables; and

(b) delete any such Personal Data it processes, as controller that relate exclusively to the Receivables, unless (i) required by law to retain it or (ii) required to do otherwise in its role as processor under the Transitional DPA as instructed by the controller,

in each case without prejudice to any processing of Personal Data the Receivables Manager is instructed to carry out as processor pursuant to the Transitional DPA entered into in accordance with Clause 10.7. For the avoidance of doubt, nothing in this Clause 10.10 shall prevent the Receivables Manager from retaining and processing Personal Data of Borrowers that do not relate exclusively to the Purchased Receivables.

10.11 Clauses 10.8 to 10.10 shall survive the termination of this Deed.

10.12 Without prejudice to the other rights and remedies of the Parties to this Deed set out herein, to the extent that a Party becomes aware of any breach of obligations under this Deed, the Parties agree to promptly notify the other Parties and, to the extent such breach is capable of remedy, to consult with each other and negotiate in good faith to agree a means to remedy and resolve such breach.

10.13 Notwithstanding any other provision of the Transaction Documents, the resignation or termination of the Receivables Manager hereunder or the termination of this Deed shall be without prejudice to the Receivables Manager's obligations under Clauses 9.1, 9.4, 9.11 or 9.13, which shall survive and continue in full force and effect until the end of the Collection Period.

11. Brexit Options

11.1 The Seller may request that the UK Sub becomes an Additional Receivables Manager. The UK Sub shall become an Additional Receivables Manager on the UK RM Accession Date if the conditions set out in Clause 15.1 of the Receivables Purchase Agreement are satisfied or waived by the Purchaser on or before the UK RM Accession Date.

11.2 Receivables Manager Power of Attorney (English Law)

On the UK RM Accession Date,

(a) the UK Sub and the Purchaser shall execute a power of attorney, substantially in the same form as the Power of Attorney that is set out at Schedule 4 (*Form of Receivables Manager Power of Attorney (English Law)*), with the Purchaser being the grantor of such power of attorney in favour of the UK Sub; and

(b) the Power of Attorney from the form in Schedule 4 (*Form of Receivables Manager Power of Attorney (English Law)*) and as executed between the Purchaser and the Receivables Manager shall terminate.

11.3 Following the accession of the UK Sub as an Additional Receivables Manager on the UK RM Accession Date, all references to "the Receivables Manager" in this Deed shall be construed as if such reference is to "each Receivables Manager", save for references to "the Receivables Manager" in Clause 14 of this Deed. For the avoidance of doubt, the UK Sub will give representations in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*) of the Receivables Purchase Agreement to the Purchaser and the Security Agent on the date of the Receivables Manager Deed of Accession and on the UK RM Accession Date, and other than the representation set out at Paragraph 6 in Part B of Schedule 19 (*Additional Receivables Manager Representations*) of the Receivables Purchase Agreement, shall be deemed to be repeated by the UK Sub as an Additional Receivables Manager on each day following the UK RM Accession Date until the end of the Receivables Management Period by reference to the facts and circumstances then existing.

11.4 The UK Sub in its capacity as the Additional Receivables Manager shall, as soon as reasonably practicable after becoming aware of the same, notify the Purchaser and the Security Agent of the occurrence of any breach of any of the representations and warranties in Part B of Schedule 19 (*Additional Receivables Manager Representations*) of the Receivables Purchase Agreement.

12. Notice of Force Majeure Event; and Notice of Proceedings

12.1 Notice of Force Majeure Event

The Receivables Manager will as soon as reasonably practicable after becoming aware thereof (and in any event within two Business Days) provide written notice to the Purchaser and the Security Agent of any Force Majeure Event by reason of which it is prevented or severely hindered from complying with its obligations under this Deed, describing the steps which it is proposing to take to resume its operations as soon as reasonably practicable.

12.2 Notice of Proceedings

The Receivables Manager will promptly notify the Purchaser and the Security Agent of the filing of commencement of any action, suit, litigation, proceeding or judgment to which the Receivables Manager is a party that could reasonably be expected to have a Material Adverse Effect.

13. Receivables Manager Fee, Expenses and VAT

13.1 In consideration of the Receivables Manager entering into this Deed and performing the Duties, the Purchaser agrees to pay a fee (the ***Receivables Management Fee***) to the Receivables Manager to be settled on a monthly basis in arrears on the Payment Date in accordance with the applicable Priority of Payments by the Purchaser during the term of this Deed.

13.2 The Receivables Management Fee shall accrue on a daily basis calculated at the applicable percentage rate per annum set out in Schedule 2 (*Receivables Management Fee*) applied to the Principal Balance of each Purchased Receivable then forming part of the Portfolio.

13.3 All sums (including the Receivables Management Fee) or other consideration payable or otherwise provided by the Purchaser to the Receivables Manager pursuant to this Deed are exclusive of any VAT which is properly chargeable on the supply or supplies made by the Receivables Manager for which such sums or other consideration (or any part thereof) are the whole or part of the consideration for VAT purposes.

13.4 If any supply is treated as made for VAT purposes by the Receivables Manager under or pursuant to this Deed, and the Receivables Manager is required to account for VAT in respect of that supply, the Purchaser shall, subject to the receipt of a valid VAT invoice, pay to the Receivables Manager (in addition to any other consideration for that supply) an amount equal to such VAT. Such payment shall be made on the next Payment Date following receipt by the Purchaser of a valid VAT invoice (or if there is no further Payment Date, within five Business Days following receipt by the Purchaser of a valid VAT invoice) or, if later, the date on which any such consideration is payable.

13.5 [* * *]

13.6 Where any Party is required by the terms of this Deed to reimburse or indemnify any Party for any cost or expense, such Party shall reimburse or indemnify such other Party on an after-Tax basis for the full amount of such cost or expense, including such part thereof as represents Irrecoverable VAT.

14. Representations and Warranties

14.1 The Receivables Manager represents and warrants to the Purchaser:

(a) Status

It is a corporate partnership limited by shares duly incorporated, validly existing and registered under the laws of Luxembourg, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

(b) Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

(c) Legal Validity

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

(i) the Legal Reservations; and

(ii) in the case of any Security Document, the Perfection Requirements.

(d) Non-conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will, not:

(i) conflict with any document which is binding upon it or any of its assets;

(ii) conflict with its constitutional documents; or

(iii) as far as it is aware, conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

(e) Consents and Licences

All consents, licences and other approvals and authorisations required by it in connection with (i) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents have been obtained or effected (as appropriate) and are in full force and effect; and (ii) the administration of the Receivables, have in each case been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consents, licences or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them.

(f) Solvency

No Insolvency Event has occurred with respect to it.

(g) Centre of Main Interests

(i) The place of the central administration (*siège de l'administration centrale*) of the Receivables Manager, the principal place of business (*principal établissement*) of the Receivables Manager, the place where the Receivables Manager conducts the administration of its interests on a regular basis and which is ascertainable by third parties and the Receivables Manager's registered office (*siège statutaire*) are all in Luxembourg.

(b) It has no place of operations where it carries out a non-transitory economic activity with human means and assets in any jurisdiction other than Luxembourg.

(h) Residence for Tax Purposes

It is a corporate partnership limited by shares which is and has, since incorporation, been resident for Tax purposes solely in Luxembourg and it is not liable to be taxed on its profits in any jurisdiction other than Luxembourg.

(i) Corporate income tax and VAT

It is a corporate partnership limited by shares (a) established and registered in Luxembourg for VAT purposes; and (b) within the charge to corporate income tax in Luxembourg in respect of amounts payable to it by the Purchaser pursuant to the terms of this Deed.

(j) Validity and admissibility in evidence

All authorisations required:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect (or will be when required).

(k) Governing law and enforcement

(i) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.

(ii) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in

relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

(l) Anti-Bribery

The Receivables Manager has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(m) Money Laundering

The Receivables Manager and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Receivables Manager nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Receivables Manager is aware, pending or threatened.

(n) Sanctions

Neither the Receivables Manager, nor (to the knowledge of the Receivables Manager) any of its directors, officers or, its agents, employees or persons acting on its behalf:

(i) has been found in violation of any applicable Sanctions in the last three years; or

(ii) is a Restricted Person.

Any provision of this Clause 14.1(n) shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

(o) Restricted Countries

It is the policy of the Purchaser as at the date of this Deed not to conduct business in or with a Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Receivables Manager, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any Person located, organized, or ordinarily resident in any Restricted Country, in each

case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzzhia regions of Ukraine in relation to Purchased Receivables only.

(p) Information in Receivable Management Reports

The information contained in any Receivables Management Report provided by the Receivables Manager was true and accurate and not misleading in material respects at the time such Receivables Management Report was provided.

14.2 The representations and warranties set out in Clause 14.1 are made by the Receivables Manager on the Closing Date and, other than the representation set out in Clause 14.1(f), deemed to be repeated by the Receivables Manager on each day during the Receivables Management Period by reference to the facts and circumstances then existing.

14.3 The Receivables Manager shall as soon as practicable after becoming aware of the same notify the Purchaser and the Security Agent of the occurrence of any breach of any of the representations and warranties in Clause 14.1.

15. Covenants

15.1 The Receivables Manager hereby undertakes with the Purchaser that until the Receivables Management Termination Date (or in the case of Clause 15.1(g), such later date as stated below):

(a) **Change in Collections Policies**: it shall not make any change to its Collections Policies that in the opinion of the Receivables Manager (acting reasonably) would materially and adversely affect the collectability of the Portfolio and shall promptly notify the Purchaser and the Security Agent of any changes made to the Collections Policies;

(b) **Records**: it shall, subject to Clause 6 (*Data Protection*):

(i) keep and maintain all Records;

(ii) maintain adequate back-ups of the Records in accordance with its usual administrative and operative procedures;

(iii) notify the Purchaser and the Security Agent of any material change in its administrative and operating procedures with respect to the Records promptly following such change; and

(iv) maintain IT systems identifying the relevant Receivables as having been sold to the Purchaser and distinguishing such Receivables from any other Receivables or other assets held or administered by the Receivables Manager through tagging;

(c) **IT Systems**: it shall ensure that the IT and other electronic systems used by it in relation to the Receivables are maintained in working order and comply in all

material respects with all applicable Data Protection Legislation and other applicable law and regulations;

(d) **Inspection**: without prejudice to Clause 2.12 and Clause 8.2(d) of the Receivables Purchase Agreement, it shall at its expense (A) no more than once per calendar year at the expense of the Receivables Manager upon 15 Business Days' prior notice (or such shorter period as may be agreed) or (B) with such additional frequency as the Purchaser may require upon five Business Days' prior notice following the occurrence of a Receivables Manager Termination Event) and during usual business hours promptly make available the Records (or any part thereof) and any information on the Portfolio for inspection and/or make any copies upon reasonable notice during normal business hours (subject to any restrictions imposed by Data Protection Legislation) to the Purchaser, provided that at no time prior to the provision of a Borrower Notice or a notice containing details of any such appointment (including all information required by applicable law, such as information (provided by the Receivables Manager) relating to the Receivables Manager's transparency obligations under Data Protection Legislation will identifiable Personal Data be made available to the Purchaser in respect of any Receivables or Borrowers thereunder;

(e) **Audit**: it shall (to the extent such information is available to it), at its own cost subject to Clause 11.2 of the Receivables Purchase Agreement, cooperate with and provide all necessary access, management time, information (however stored) or other assistance to, and comply with all reasonable requests of, the person appointed for such purpose, in relation to the preparation by it of any AUP Audit to be provided in accordance with the Receivables Purchase Agreement and shall promptly address any material findings set out in any AUP Report, provided that at no time prior to the provision of a Borrower Notice or a notice containing details of any such appointment (including all information required by applicable law, such as information (provided by the Receivables Manager) relating to the Receivables Manager's transparency obligations under Data Protection Legislation will identifiable Personal Data be made available to the Purchaser in respect of any Receivables or Borrowers thereunder;

(f) **Delivery of financial statements**: it shall deliver to the Purchaser by no later than 30 June of each calendar year starting from 30 June 2023 for its financial year ending 31 December 2022, a copy of its audited consolidated annual financial statements prepared in accordance with IFRS consistently applied, to the extent that they are not provided pursuant to Clause 10.5 of the Receivables Purchase Agreement and such financial statements shall be deemed delivered if they are publicly available;

(g) **Sales, Liens, etc.**: it shall not sell (or, if applicable, hold on trust), assign (by operation of Law or otherwise) or otherwise dispose of, or create or suffer to exist any Security Interest upon or with respect to, (i) the Purchased Receivables, their Related Rights and any Collections related thereto, or (ii) [* * *], provided that

nothing in this Clause 15 shall prohibit or restrict any transfer or disposal of the legal title to any Purchased Receivable and Related Rights to the UK Sub once it has acceded as an Additional Receivables Manager; and

(h) [* * *]

16. Liability

16.1 The Receivables Manager shall not (in its capacity as Receivables Manager) have any liability for:

(a) the obligations of a Borrower under or pursuant to any Loan Agreement or in respect of the related Receivable and nothing in this Deed shall constitute a guarantee, or similar obligation, by the Receivables Manager of the performance by a Purchaser of his obligations under or pursuant to such Loan Agreement; or

(b) save as otherwise provided in this Deed, the obligations of the Purchaser under any of the Transaction Documents or otherwise and nothing herein shall constitute a guarantee, or similar obligation, by the Receivables Manager of the Purchaser's obligations.

16.2 Any breach by a Party (***Breaching Party***) in performing an obligation under this Deed will not result in a liability to the other Party (***Non-Breaching Party***) to the extent that the Breaching Party cannot perform such obligation as a direct result of a failure by the Non-Breaching Party to perform its obligations set out in this Deed, provided that the Breaching Party promptly informs the Non-Breaching Party of such circumstances and has used all reasonable endeavours to perform the relevant obligation, notwithstanding the circumstances.

16.3 The Receivables Manager shall have no obligation in respect of any liabilities suffered or incurred by the Purchaser, the Seller and/or the Security Agent and/or any other person as a result of the failure of the Receivables Manager to perform its obligations under this Deed, save to the extent that such liabilities are suffered or incurred as a result of any wilful default, fraud, illegal dealing, gross negligence or breach by the Receivables Manager in performing its material obligations under this Deed.

16.4 Nothing in this Deed shall limit or exclude the liability of either Party in respect of:

(a) death or personal injury caused by its negligence or that of its personnel;

(b) fraud including fraudulent misrepresentation or wilful default; or

(c) any liability which cannot be excluded or limited by applicable law or regulation.

16.5 Subject to Clause 16.4, in no event shall any Party be liable for any indirect or consequential loss or damage (including any loss of revenue, profits, goodwill or business), whether arising in contract, delict or tort (including negligence) or otherwise.

17. Indemnity

Without limiting any other rights which the Purchaser or the Security Agent or any of their respective directors, officers, agents or employees may have hereunder, under the Receivables Purchase Agreement or under applicable law, the Receivables Manager shall indemnify and hold harmless the Purchaser, the Security Agent and each of their respective officers, directors, employees and agents of any of the foregoing (collectively, ***Indemnified Parties***), in each case, from and against any and all Losses (***Indemnified Amounts***) arising out of or resulting from (whether directly or indirectly):

(a) the failure of any information contained in any Receivables Management Report to be true and correct, or the failure of any other information provided to any Indemnified Party by, or on behalf of, the Receivables Manager to be true and correct;

(b) the failure of any representation, warranty or statement made or deemed made by the Receivables Manager (or any of its officers) under or in connection with this Deed to have been true and correct as of the date made or deemed made;

(c) any non-compliance with any applicable law (including applicable Data Protection Legislation) by the Receivables Manager, with respect to any Purchased Receivable, that affects the Purchaser;

(d) any failure or breach of the Receivables Manager to perform its material duties or obligations in its capacity as Receivables Manager in accordance with the provisions hereof or the Receivables Purchase Agreement (excluding Clause 3.1(d) or Clause 15.1(h) of this Deed); or

(e) the occurrence of a Receivables Manager Termination Event (other than a PE RM Termination Event or a Notification Event consisting solely of a PE RM Termination Event) (without double-counting),

excluding, however:

(i) Indemnified Amounts to the extent that such Indemnified Amounts resulted from the gross negligence, fraud or wilful misconduct on the part of such Indemnified Party;

(ii) recourse (except as otherwise specifically provided in this Deed or the Receivables Purchase Agreement) for any failure by a Borrower to pay an amount due in respect of any Purchased Receivables due solely by reason of the relevant Borrower's inability or refusal to make payments that are due and payable; and

(iii) any Indemnified Amount to the extent the same has been fully and finally paid in cash to such Indemnified Party (or such Indemnified Party has otherwise been compensated for such Indemnified Amount to the reasonable

satisfaction of the Indemnified Party) pursuant to any other provision of this Deed or the Receivables Purchase Agreement,

and provided that the Receivables Manager shall have no liability to make any payment to any Indemnified Party under this Clause 17 unless and until the aggregate of (i) the aggregate Indemnified Amounts suffered by that Indemnified Party; and (ii) the aggregate Purchase Price of all Receivables affected by a breach of Loan Warranty exceed the then applicable Threshold Amount.

18. Entire Agreement

18.1 This Deed and the schedules together constitute the entire agreement and understanding between the Parties in relation to the subject matter of this Deed and cancel and replace any other previous draft, agreement or understanding in relation to such subject matter.

18.2 Each Party to this Deed agrees that:

(a) it has not entered into this Deed in reliance upon any statement, representation, warranty or undertaking of any other Party which is not expressly set out or referred to in this Deed or any other Transaction Document;

(b) except in respect of an express representation or warranty under this Deed or any other Transaction Document, it shall not have any claim or remedy (whether in equity, contract, delict or tort, under the Misrepresentation Act 1967 or in any other way) in respect of any misrepresentation or breach of warranty by any other Party or in respect of any untrue statement by any other Party, regardless of whether such misrepresentation, breach or untrue statement was made, occurred or was given prior to the execution of this Deed or any of the Transaction Documents;

(c) any terms or conditions implied by law in any jurisdiction in relation to the transaction contemplated by this Deed and/or the Transaction Documents are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;

(d) the only right or remedy of any Party in relation to any provision of this Deed or any other Transaction Document shall be for breach of this Deed or the relevant Transaction Document; and

(e) except for any liability in respect of a breach of this Deed or any other Transaction Document, no Party shall owe any duty of care or have any liability in tort or otherwise to any other Party in relation to the transaction contemplated by this Deed and/or the Transaction Documents.

18.3 Nothing in this Clause 17 (*Entire Agreement*) shall have the effect of excluding, limiting or restricting any liability for fraudulent misrepresentation or any liability of any person arising as a result of any wilful default, fraud, illegal dealing, negligence or material breach of this Deed or any Transaction Document or breach of trust by such person.

19. Withholdings and set-off

19.1 All sums payable under this Deed or for breach of any of the provisions of this Deed shall be paid free and clear of all deductions or withholdings, including withholding for Taxes, whatsoever, save only as provided in this Deed and/or in the Receivables Purchase Agreement or otherwise as required by applicable law.

19.2 Save only as provided expressly in this Deed, each Party waives and relinquishes any right of set off or counterclaim, deduction or retention which it might otherwise have out of any payments which it may be obliged to make (or procure to be made) to any other Party pursuant to this Deed or otherwise.

20. Confidentiality

20.1 Subject to Clause 20.2, each Party to this Deed agrees at all times that it shall keep confidential and will not disclose to any person, firm or company whatsoever any information (including, without limitation, any technology, know-how, patent application, test result, research study, business plan, budget, model, algorithm, policy, data set, management information, commercial information, product information, forecast or projection) relating directly or indirectly to the business, finances or other matters of a confidential nature of any party to the Transaction Documents (or any predecessor entity), which it may have obtained as a result of the execution or performance of any Transaction Document, provided however that the provisions of this Clause 20 (*Confidentiality*) shall not apply:

(a) to the disclosure of any information to the Security Agent or to any other person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;

(b) to the disclosure of any information by such Party to any of its Affiliates; provided that before any such disclosure, the Party shall make the relevant employees of the Affiliate aware of their obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees;

(c) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient (such wrongful conduct includes a breach of this Clause 20.1);

(d) to the extent that such disclosure is required pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Tax authority or is necessary or desirable having regard to applicable stock exchange rules and guidelines, any industry guidelines or industry best practice adopted by owners of consumer unsecured loans;

(e) to the disclosure of any information to professional advisers (including, without prejudice to the generality of the foregoing, consultants, accountants, auditors, financial advisors or lawyers) who receive the same under a duty of confidentiality;

(f) to the disclosure of any information with the prior written consent of the Parties hereto;

(g) to any disclosure for the purposes of collecting in or enforcing any Receivable;

(h) in the case of the Security Agent, in connection with transferring or purporting to transfer its rights and obligations to a successor Security Agent;

(i) in the case of the Purchaser, the information was already in the possession of the Purchaser from a source that, to the Purchaser's best knowledge and belief having made all reasonable enquiries does not owe a duty of confidentiality to the Seller or its Affiliates with respect to such information;

(j) the information is independently developed without use or reference to this Agreement or the other Transaction Documents or without use or reference to any information supplied to it pursuant to or in connection with this Agreement or the other Transaction Documents;

(k) to the extent that the Security Agent needs to disclose the same for the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith, to such persons as require to be informed of such information for such purposes;

(l) for the purpose of discharging, in such manner as the Security Agent thinks fit, its duties under or in connection with the Transaction Documents; and

(m) to the extent that the recipient needs to disclose the same to any of the employees of the Receivables Manager provided that before any such disclosure the Receivables Manager shall make the employees of the Receivables Manager aware of its obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees.

20.2 Notwithstanding the rights conferred pursuant to Clause 20.1, no Party may disclose information to any other Party where such disclosure would breach any terms relating to data protection in this Deed, or in the Receivables Purchase Agreement, or any applicable law or regulation, including the Data Protection Legislation.

21. Further assurance

The Parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Deed (but subject always to the provisions of Clause 8 (*Notification of Sales*) and Clause 27 (*Data Protection*) of the Receivables Purchase Agreement).

22. Amendments and Waivers

22.1 No amendment or waiver of any provision of this Deed shall be effective unless it is in writing and signed by each of the Parties hereto.

22.2 Except as expressly provided in this Deed, no failure or delay by any Party in exercising any right or remedy relating to this Deed or any of the other Transaction Documents shall affect or operate as a waiver or variation of that right or remedy or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy. The remedies in this Deed are cumulative and not exclusive of any remedies provided by law.

23. Notices

23.1 Any notice or communication to be given under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by letter or electronic communication (including email).

23.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any notice, communication or document to be made or delivered under or in connection with this Deed is:

(a) in the case of the Receivables Manager and the Seller, to it at:

Address: 22-24 Boulevard Royal, L-2449 Luxembourg

Email: [* * *]

Attention: [* * *]

(b) in the case of the Purchaser, to it at:

Address: 2, rue Edward Steichen, L-2540 Luxembourg-City, Luxembourg

Email: [* * *]

Attention: [* * *]

(c) in the case of the Security Agent, to it at:

Address: 160 Queen Victoria Street, London EC4V 4LA, United Kingdom

Email: [* * *]

Attention: [* * *]

or any substitute address or email address or for the attention as the relevant Party may notify to all of the other Parties by not less than seven days' notice.

23.3 Any notice, communication or document made or delivered by one person to another under or in connection with this Deed will only be effective if by way of letter, when it has been left at

the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Clause 23.2, if addressed to that department or officer.

23.4 Any notice, communication or document which becomes effective, in accordance with Clause 23.3, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

23.5 Any notice or communication under or in connection with this Deed may be made by electronic mail or other electronic means. Any such electronic communication will be effective only when actually received in readable form.

23.6 Any electronic communication which becomes effective, in accordance with Clause 23.5, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

23.7 Any notice given under or in connection with this Deed must be in English.

24. Bail-In

24.1 Contractual recognition of bail-in

Notwithstanding any other term of any Transaction Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of the Seller and/or the Receivables Manager to any other Party under or in connection with the Transaction Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Transaction Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

24.2 Bail-in definitions

In this Clause 24.2:

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the Luxembourg law of 5 April 1993 on the financial sector and the Luxembourg law of 18 December 2015 on the default of credit institutions and certain investment firms and any other law or regulation, or circulars applicable in Luxembourg relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers.

Write-down and Conversion Powers means:

(i) any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any law or regulation in effect in Luxembourg, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, including but not limited to the Bail-In Legislation and Regulation (EU) No 806/2014 and the instruments, rules and standards created thereunder, pursuant to which: (a) any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period); and (b) any right in a contract governing an obligation of a bank or investment firm or affiliate of a bank or investment firm may be deemed to have been exercised; and

(ii) any similar or analogous powers under that Bail-In Legislation.

25. Third Party Rights

A person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

26. Severability

Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

27. Counterparts

This Deed may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail shall be an effective mode of delivery.

28. Limited Recourse and Non-petition

28.1 Limited recourse: Purchaser

Notwithstanding any of the provisions of this Deed or any other Transaction Document, each of the parties to the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that all obligations of the Purchaser (in any capacity) under or in connection with the Transaction Documents to which the Purchaser is expressed to be a party are limited recourse and sums payable to it in respect of any of the Purchaser's obligations shall be limited to the Purchaser's assets that are available to the Purchaser, subject to and in accordance with the Security Documents and the Priorities of Payment, and if the net proceeds of realisation of the security constituted by the Security Documents are less than the aggregate amount payable by the Purchaser to the Lenders and any other Secured Creditors in respect of its obligations under or in connection with the Transaction Documents (such negative amount being referred to herein as a "shortfall"), the amount payable by the Purchaser to the Receivable Manager, the Lenders and each other Secured Creditor in respect of the Purchaser's obligations under or in connection with such Transaction Document shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Security Documents and the Priorities of Payment, and such parties shall not (directly or indirectly) be entitled to take any further steps against the Purchaser to recover such shortfall, which shall be deemed to be automatically extinguished.

28.2 Non-petition: Purchaser

The parties to this Deed and the Transaction Documents (other than the Purchaser) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Purchaser, or join in any institution against the Purchaser of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings, or appoint any liquidator, administrator, receiver, examiner, trustee, sequestrator or any similar officer under any applicable bankruptcy or similar law in connection with any obligations of the Purchaser under or in connection with this Deed and the Transaction Documents. For the avoidance of doubt, nothing in this Clause 28.2 shall prevent the Security Agent enforcing the security constituted by the Security Documents in accordance with its terms, provided that in connection with any such enforcement neither the Security Agent nor any receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Purchaser, save for lodging a claim in the liquidation, administration, or such similar proceedings, of the Purchaser which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Purchaser in relation thereto.

28.3 Corporate obligations: Purchaser

Each of the parties to this Deed and the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that no recourse under any obligation, covenant, or agreement of the Purchaser contained in any Transaction Document or implied therefrom may

be sought by it against any shareholder, officer, agent, employee or manager of the Purchaser, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that this Deed and the Transaction Documents are corporate obligations of the Purchaser only. Each of the parties hereto (other than the Purchaser) hereby acknowledges and agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or managers of the Purchaser, or any of them, under or by reason of any of the obligations, covenants or agreements of the Purchaser contained in any Transaction Document (including this Deed), or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or manager for breaches by the Purchaser of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or manager is hereby deemed expressly waived by the parties hereto.

28.4 The provisions of this Clause 28 (*Limited Recourse and Non-petition*) shall survive the termination of this Deed and the other Transaction Documents.

29. Luxembourg Securitisation Act

Each of the Seller, the Receivables Manager and the Security Agent expressly acknowledges and accepts, and will be deemed to have accepted and acknowledged, that the Purchaser is subject to the Securitisation Act 2004. Each of the Seller, the Receivables Manager and the Security Agent expressly acknowledges and accepts that once all the assets of the Purchaser have been realised, it is not entitled to take any further steps against the Purchaser to recover any further sums due and the right to receive any such sum shall be extinguished. Each of the Seller, the Receivables Manager and the Security Agent accepts not to attach or otherwise seize the assets of the Purchaser. In particular, none of the Seller, the Receivables Manager and the Security Agent shall be entitled to petition or take any other step for the winding-up, the liquidation or the bankruptcy of the Purchaser or any similar insolvency related proceedings. In case of a conflict between the provisions of this Clause 29 (*Luxembourg Securitisation Act*) and the other provisions of this Deed, the provisions of this Clause 29 (*Luxembourg Securitisation Act*) shall prevail.

30. Governing Law and Jurisdiction

30.1 This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and interpreted in accordance with, English law (other than any terms of this Deed specific to the law of any other Relevant Jurisdiction, which shall be construed in accordance with such Relevant Jurisdiction).

30.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

30.3 The Seller and Receivables Manager shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Deed. Such agent shall be [* * *] and any claim form, judgment or other notice of legal process shall be sufficiently served on the Seller and Receivables Manager if delivered to such agent at its address for the time being. The Seller and Receivables Manager irrevocably undertakes not to revoke the authority of this agent and if, for any reason, any Party requests the Seller and Receivables Manager to do so, it shall promptly appoint another such agent with an address in England and advise the other Parties. If, following such a request, the Seller and Receivables Manager fails to appoint another agent, any other Party shall be entitled to appoint one on behalf of the Seller and Receivables Manager at the Seller and Receivables Manager 's expense.

30.4 The Purchaser shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Deed. Such agent shall be Maples Fiduciary Services (UK) Limited currently of 11th Floor, 200 Aldersgate Street, London EC1A 4HD and any claim form, judgment or other notice of legal process shall be sufficiently served on the Purchaser if delivered to such agent at its address for the time being. The Purchaser irrevocably undertakes not to revoke the authority of this agent and if, for any reason, any Party requests the Purchaser to do so, it shall promptly appoint another such agent with an address in England and advise the other Parties. If, following such a request, the Purchaser fails to appoint another agent, any other Party shall be entitled to appoint one on behalf of the Purchaser at the Purchaser’s expense.

Schedule 1

Collections Policies [* * *]

Schedule 2
Receivables Management Fee

[* * *]

Schedule 3
Form of Receivables Manager Power of Attorney (Luxembourg Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Attorney***),

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

   (a) to demand payment, to initiate legal or administrative proceedings, and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context; and

(c) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser and the Security Agent as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it.

This Power of Attorney is governed by, and shall be construed in accordance with, Luxembourg law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of the district of Luxembourg-City.

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Director

Name:

By:

…….
Director

Name:

Schedule 4
Form of Receivables Manager Power of Attorney (English Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Attorney***),

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

   (a) to demand payment, to initiate legal or administrative proceedings, and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context; and

(c) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser and the Security Agent as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it.

This Power of Attorney is governed by, and shall be construed in accordance with, English law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of England and Wales.

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Director

Name:

By:

…….
Director

Name:

Schedule 5
Form of Receivables Manager Power of Attorney (French Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Attorney***),

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

   (a) to demand payment, (subject to receiving from the Purchaser a special proxy to that effect to the extent legally required) to initiate legal or administrative proceedings,

and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context; and

(c) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser and the Security Agent as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it.

This Power of Attorney is valid and effective from the date on which it is executed and will remain in full force and effect until the Receivables Management Termination Date.

This Power of Attorney is governed by, and shall be construed in accordance with, French law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of France.

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Director

Name:

By:

…….
Director

Name:

Schedule 6
Form of Receivables Manager Power of Attorney (German Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Attorney***),

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

   (a) to demand payment, to initiate legal or administrative proceedings, and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context; and

(c) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it.

The Attorney is released from the restrictions of § 181 of the German Civil Code and is thus, in particular, authorised to act at the same time for another principal.

This Power of Attorney is governed by, and shall be construed in accordance with, German law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of Frankfurt am Main, Germany.

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Director

Name:

By:

…….
Director

Name:

Schedule 7
Form of Receivables Manager Power of Attorney (Italian Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Company***) which will act through its legal representative/s or duly appointed attorney/s-in-fact (each, an ***Attorney***), domiciled, for the purpose of this Power of Attorney, at the registered office of the Company,

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

(a) to demand payment, to initiate legal, judicial or administrative proceedings, and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to initiate cognitive actions and precautionary, monitoring or executive, or to continue, intervene and resist in those already initiated at the date of this Power of Attorney, or to resist in judgements initiated by others, including opposition and cognitive judgements related to the same, against debtors, guarantors, and their assignees, aimed at the best protection and recovery of the Italian Receivables, by carrying out all necessary petitions, deeds, appeals, documents or activities, at all stages and levels of judgement;

(c) to serve writs of summons and appeals also in matters of voluntary jurisdiction, in respect of the Italian Receivables;

(d) to elect new domiciles and change existing ones;

(e) to appoint party technical consultants for advice and technical assistance in out-of-court and in court proceedings;

(f) to appoint, replace and revoke the lawyers appointed to represent and defend the Purchaser in legal proceedings relating to the Italian Receivables at any stage and level, granting them the broadest powers provided by law, including the power to summon third parties, to waive acts and actions and to accept the waiver of the same by others, to settle and conciliate, to refer and report decisional oaths, to appoint substitutes and other attorneys;

(g) to entertain, in all appropriate venues, all relations deemed useful and/or necessary for the best performance of the mandate herein conferred upon it with the bodies of insolvency proceedings such as bankruptcy receivers, judicial commissioners, liquidators, court-appointed technical consultants, judicial custodians and others;

(h) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context, also pursuant to the combined provisions of Article 1202 of the Italian Civil Code and Article 120-quater of Legislative Decree No. 385/93, in order to perfect the subrogation by will of the assigned debtor; and

(i) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable;

(j) to appear at judicial hearings with the power to conciliate or settle individual disputes;

(k) to exercise any right, perform any activity necessary and/or appropriate in connection with the claims to protect the interests of the Purchaser in respect of the Italian Receivables; and

(l) to carry out all acts, fulfilments and formalities deemed necessary, useful or appropriate for the performance of the activity of management and recovery of Purchased Receivables.

For the purposes of this Power of Attorney all necessary and suitable powers are conferred upon the above-appointed Attorney so that he/she/it may fulfil the duties entrusted to him/her/it. Such Attorney is likewise authorised to do anything else required for the complete execution of his/her/its duties, defining and accepting all the contractual clauses contemplated in the above-mentioned deeds and documents so that no objection may be raised on the basis of insufficiency, inaccuracy or lack of clarity of the powers of the appointed Attorney.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser and the Security Agent as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it. The appointment of a Substitute Attorney in this way shall be deemed valid and effective until the expiry date of this Power of Attorney.

With reference to the powers granted by means of this Power of Attorney, the Attorney (or the Substitute Attorney, as the case may be) is expressly authorised, pursuant to, and for the purpose of, Article 1395 of the Italian Civil Code or any equivalent provisions under the applicable law, to enter into agreements with itself on its own behalf or as representative of other parties.

The Purchaser undertakes to ratify and consider valid (*considerare rati e validi*) all actions carried out and all documents, acts, deed or contracts signed by the Attorney (or the Substitute Attorney, as the case may be) in accordance with this Power of Attorney shall be valid and binding for the Purchaser and its successor and assignee.

This Power of Attorney is governed by, and shall be construed in accordance with, Italian law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of Italy.

…….
Director

Name:

By:

…….
Director

Name:

By:

Schedule 8
Form of Receivables Manager Power of Attorney (Spanish Law)

This Power of Attorney is given on _____ 2023

By:

ALPS PARTNERS S.À R.L., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg (***Luxembourg***), with its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the ***Securitisation Act 2004***) (the ***Purchaser***),

In favour of:

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the ***Attorney***),

for the purposes and on the terms hereinafter set forth.

1. By means of a Receivables Purchase Agreement dated [] 2023, the Purchaser agreed to acquire, from time to time, from PayPal (Europe) S.à r.l. et Cie, S.C.A. (the ***Seller***) certain Receivables owned by the Seller subject to and in accordance with the terms of the Receivables Purchase Agreement.

2. By means of a Receivables Management Agreement dated [] 2023, the Purchaser agreed to appoint the Attorney as its lawful agent solely for the purpose of providing administrative duties in relation to the Receivables, exercising certain of its rights, powers and discretions in respect thereto and performing certain of its duties and obligations in respect thereof, all as described in further detail, and subject to the terms set forth, in the Receivables Management Agreement.

3. In order to facilitate the performance by the Attorney of its duties and obligations under the Receivables Management Agreement, the Purchaser has agreed to grant this Power of Attorney in favour of the Attorney.

   The Purchaser hereby appoints the Attorney to be its true and lawful attorney in its name and on its behalf:

   (a) to demand payment, to initiate legal or administrative proceedings, and to take all other steps as may be required to collect all monies due or payable under each Purchased Receivable and any Related Rights;

(b) to collect and give good receipts and discharges for moneys collected in respect of Purchased Receivables and to execute such receipts and discharges as may be necessary, appropriate or advisable in such context; and

(c) to settle out of court and to enter into special Arrangements with any defaulting Borrower under a Loan Agreement in respect of a Purchased Receivable.

Unless otherwise defined herein, capitalised terms which are used herein shall have the meanings assigned to such terms in the Receivables Management Agreement (including by way of cross-reference).

The Attorney shall have the right to appoint a substitute (each a ***Substitute Attorney***), who shall have the power to act on behalf of the Purchaser and the Security Agent as if that Substitute Attorney shall have been originally appointed as the Attorney by this Power of Attorney, and/or to revoke any such appointment at any time, provided the Attorney shall continue to be liable for any negligence, wilful misconduct or bad faith of any such Substitute Attorney appointed by it.

This Power of Attorney is governed by, and shall be construed in accordance with, Spanish law.

Any dispute arising in connection with this Power of Attorney shall be submitted to the courts of Spain.

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Director

Name:

By:

…….
Director

Name:

Schedule 9
Definitions

Capitalised terms used but not otherwise defined in this Deed shall have the following meanings, except so far as the context requires otherwise or as otherwise defined in Schedule 22 (*Definitions*) of the Receivables Purchase Agreement:

1m EURIBOR means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the period of one month displayed on page EURIBOR01 of the Thomson Reuters screen;

1m Term SONIA means the one month SONIA reference rate administered by Refinitiv Benchmark Services (UK) Limited (or any other person which takes over the administration of that rate) (before any correction, recalculation or republication by the administrator) published by Refinitiv Benchmark Services (UK) Limited (or any other person which takes over the publication of that rate);

12m EURIBOR means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the period of twelve months displayed on page EURIBOR01 of the Thomson Reuters screen;

12m Term SONIA means the 12 month SONIA reference rate administered by Refinitiv Benchmark Services (UK) Limited (or any other person which takes over the administration of that rate) (before any correction, recalculation or republication by the administrator) published by Refinitiv Benchmark Services (UK) Limited (or any other person which takes over the publication of that rate);

Arrangement means, in respect of any Borrower that has failed to make a payment of a Receivable when due and payable in accordance with the Loan Agreement, any arrangement agreed between the Receivables Manager and that Borrower in accordance with the Collections Policies pursuant to which a revised repayment schedule is agreed in order to assist the Borrower with the repayment of the Receivable;

Cash Manager has the meaning given to it in the Master Framework Agreement;

Class A Facility Agent has the meaning given to it in the Master Framework Agreement;

Class A Facility Providers has the meaning given to it in the Master Framework Agreement;

Class A Loan has the meaning given to it in the Master Framework Agreement;

Class A Margin has the meaning given to it in the Master Framework Agreement;

Class B Facility Agent has the meaning given to it in the Master Framework Agreement;

Class B Facility Providers has the meaning given to it in the Master Framework Agreement;

Collection Period means the period commencing on the first Back-Book Sale Date and ending on the date on which the first of the following occurs after the end of the Commitment Period:

(a) the aggregate Current Balance of all Receivables comprised in the Portfolio is zero; and

(b) the date falling 12 months after the latest scheduled payment date of any Receivable comprised in the Portfolio;

[* * *]

Collections Settlement Date means each Business Day whilst any Purchased Receivable comprising the Portfolio remains outstanding;

Collections Sweep Payment has the meaning given in Clause 8.2;

Disbursed Amount means, in respect of a Receivable the total amount advanced to the Borrower in respect of that Receivable;

Duties has the meaning given in Clause 5;

[* * *]

Force Majeure Event means, on any date with respect to a person, that such person, by reason of force majeure, including action or inaction of governmental, civil or military authority, war, riot, act of terrorism, fire, strike, lockout or other labour dispute, flood, earthquake or other natural disaster, breakdown of public, private or common carrier communications, breakdown of systems, software or transmission facilities or equipment failure, is unable to perform an obligation, but only to the extent that (a) such event or circumstance is beyond the control of such person and (b) such person has taken commercially reasonable precautions to anticipate, and cannot with reasonable diligence overcome, such event or circumstance;

[* * *]

Loan Age for a Receivable means the then current age (expressed in days) of that Purchased Receivable calculated by reference to the date of the Loan Agreement for that Receivable;

Master Framework Agreement means the master framework agreement dated on or about the date of this Deed between, amongst others, the Purchaser, the Seller, the Receivables Manager, the Back-Up Receivables Manager Facilitator, the Security Agent and the Class C Lender.

[* * *]

NY Business Date means a day, other than a Saturday or Sunday on which commercial banks are generally open for business in New York;

Observation Portfolio means, as at any Monthly Reporting Date and in relation to an Eligible Product, all Receivables that relate to that Eligible Product that have been sold to the Purchaser and not repurchased (other than a repurchase under Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and Fraud*) of the Receivables Purchase Agreement) and which were originated in the last period of three consecutive full calendar months prior to the immediately preceding Monthly Reporting Date;

Payment Date has the meaning given to it in the Master Framework Agreement;

PE Event has the meaning given to it in Clause 10.2(i);

PE RM Termination Event has the meaning given to it in Clause 10.2(i);

Permitted Modification means, in respect of any Purchased Receivable, a modification or amendment (in accordance with the terms of the related Loan Agreement and the Collections Policies) to:

(a) change the weekly or monthly date on which payments are made to the Purchaser thereunder;

(b) defer the scheduled payment of any part of the principal amount payable to the Purchaser thereunder;

(c) extend the repayment date of that Purchased Receivable (including, for the avoidance of doubt, following any acceleration of amounts payable in respect of that Purchased Receivable); or

(d) amend any terms or conditions of that Purchased Receivable to the extent necessary or desirable (i) in connection with any Borrower complaints handling procedure, (ii) to remediate any errors or defects in the terms of that Purchased Receivable or in the origination or administration of that Purchased Receivable, (iii) to facilitate any appointment, use, or change to any supplier or provider of services to the Seller or the Receivables Manager, (iv) in connection with any public relation activities or initiatives carried out by the Seller or the Receivables Manager in connection with the Eligible Products or generally as part of the Seller's or the Receivables Manager's ordinary course of business provided that no such public relations activities or initiatives shall unreasonably encourage Borrowers to request an extended or deferred time for any payment (or part thereof) to be made in respect of a Purchased Receivable, and (v) to comply with any law or order of any court or any regulatory obligations or guidance,

provided that:

(i) other than in respect of any modification or amendment which is made in connection with a Borrower delinquency or forbearance, where a modification or amendment is made by the Receivables Manager which has the effect of amending or extending the original maturity date, scheduled payment date or repayment date, such extension shall not be for more than 60 days from the original maturity date, scheduled payment date or repayment date, as applicable, unless such extension is required to comply with any applicable law (other than in accordance with the servicing standard set out in Clause 4 (*Standard of Care*)); and

(ii) in relation to any German Receivable:

(A) in the case of any modification or amendment set out in (b) or (c) above, the entire principal amount of, and interest on, such Receivable remain repayable (*erfüllbar*) by the Borrower at all times and the interest rate and the fees payable by the Borrower are not increased, other than in respect of statutory interest (*Verzugszinssatz*) or other fees, expenses and charges expressly permitted under German law applicable to the Loan Agreement; and

(B) any modification set out in (d) above will not include: (i) any increase of the principal amount; (ii) any deferral or extension of any payment or repayment date which would not be permitted on the basis of (A) above; nor (iii) any adjustment to interest rate or fees other than an adjustment upon expiry of an originally agreed fixed rate period (provided that, for the avoidance of doubt, statutory interest or other fees, expenses and charges expressly permitted under German law applicable to the Loan Agreement may be charged);

[* * *]

Priority of Payment has the meaning given to it in the Master Framework Agreement;

[* * *]

Purchaser Account means the Purchaser EUR Account or the Purchaser GBP Account as applicable;

Receivables Management Period has the meaning given to it in Clause 2.2;

Receivables Manager Resignation Event has the meaning given to it in Clause 10.1;

Receivables Management Termination Date means the earliest to occur of the following:

(a) the date falling 10 Business Days after the date on which the Receivables Manager notifies the Purchaser and the Security Agent that the aggregate outstanding balance, after taking into account any write-offs made in accordance with the applicable Collections Policies, of the Purchased Receivables comprising the Portfolio has been reduced to zero;

(b) the date upon which the resignation of the Receivables Manager becomes effective in accordance with Clause 10.1; and

following receipt by the Receivables Manager of a Receivables Manager Termination Notice in accordance with Clause 10 (*Resignation; Receivables Manager Termination Event*), the end of the related Receivables Manager Transition;

Receivables Manager Transition has the meaning given to it in Clause 10.8;

[* * *]

Secured Obligations has the meaning given to such term in the Master Framework Agreement;

[* * *]

Settlement of Collections has the meaning given to it in Clause 8.6;

Transitional DPA has the meaning given to it in Clause 10.7;

True-Up Notice Date means each date on which the Seller delivers to the Purchaser the True-Up Notice in respect of a sale of the Back-Book Receivables;

[* * *]

Schedule 10
Form of Receivables Management Report

EXECUTION PAGE TO THE RECEIVABLES MANAGEMENT AGREEMENT

IN WITNESS of which this Deed has been executed and delivered by the Parties to it on the date stated on the first page of this Deed.

Purchaser

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS S.À R.L.)
By:)

…….
Name:
Title:

…….
Name:
Title:

EXECUTION PAGE TO THE RECEIVABLES MANAGEMENT AGREEMENT

Receivables Manager and Seller

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:)

…….
Authorised Signatory

EXECUTION PAGE TO THE RECEIVABLES MANAGEMENT AGREEMENT

Security Agent

Executed as a **DEED**)
for and on behalf of)
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)
acting by two of its lawful Attorneys, in its capacity as Trustee:

Attorney: _____

Attorney: _____

in the presence of:

Witness name:

Signature:

Address:

EXECUTION PAGE TO THE RECEIVABLES MANAGEMENT AGREEMENT

Back-Up Receivables Manager Facilitator

Executed as a **DEED**)
for and on behalf of)
AVEGA S.À R.L.)
By:)

…….
Director

Name:

…….
Director

Name:

[*Signature pages - Receivables Management Agreement*]

EXECUTION PAGE TO THE RECEIVABLES MANAGEMENT AGREEMENT

Class C Lender

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)
By:)

…….
Name:
Title:

…….
Name:
Title:

Exhibit 31.01

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

I, Alex Chriss, certify that:

1. I have reviewed this report on Form 10-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/ Alex Chriss

Alex Chriss
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 1, 2023

Exhibit 31.02

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

I, Gabrielle Rabinovitch, 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/ Gabrielle Rabinovitch

Gabrielle Rabinovitch

Acting Chief Financial Officer and Senior Vice President, Investor Relations and Treasurer

(Principal Financial Officer)

Date: November 1, 2023

Exhibit 32.01

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

I, Alex Chriss, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) The accompanying quarterly report on Form 10-Q for the quarter ended September 30, 2023 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Alex Chriss

Alex Chriss
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 1, 2023

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, Gabrielle Rabinovitch, 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 September 30, 2023 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/ Gabrielle Rabinovitch

Gabrielle Rabinovitch
Acting Chief Financial Officer and Senior Vice President, Investor Relations and Treasurer
(Principal Financial Officer)

Date: November 1, 2023

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.