Updated guidance and held for sale accounting changes related to PayPal’s sale of U.S. consumer credit receivables to Synchrony Financial

January 16, 2018
Forward Looking Statements

- This presentation contains “forward-looking” statements within the meaning of applicable securities laws. Forward-looking statements and information relate to future events and future performance and reflect, among other things, PayPal’s expectations regarding statements regarding its projected financial outlook for full year 2018 and the anticipated timing of the closing of the transaction with Synchrony Financial. Forward-looking statements may be identified by words such as “seek,” “believe,” “plan,” “estimate,” “anticipate,” “expect,” “intend”, and statements that an event or result “may,” “will,” “should,” “could,” or “might” occur or be achieved and any other similar expressions.

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Held for sale accounting changes related to U.S. consumer credit receivables sale to Synchrony Financial

<table>
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<tr>
<th>Q1’18</th>
<th>Q2’18</th>
<th>Close Q3’18</th>
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Impact of Held for Sale (“HFS”) accounting

**Income Statement**

- No reserves recognized on interest receivables; additions to reserve previously accounted for as contra revenue in “Other value added services revenue”
- No reserves recognized on principal receivables; additions to reserve previously accounted for in “Transaction and loan losses”
- Charge-offs of principal and interest recognized as adjustments to “HFS” loans when incurred; reported in operating expenses within a new line item “Other Operating Expenses”

**Balance Sheet**

- Principal and Interest Receivables recorded at the lower of cost or market value:
  - U.S. consumer credit receivables, now designated as HFS, are presented as a separate line item on the Balance Sheet as “Loans and Interest Receivable, Held for Sale”, representing the lower of cost or market value of these receivables

**Cash Flow Statement**

- Net new loans originated post-HFS presented within Cash Flow from Operations
- Repayments on loans originated pre-HFS presented within Cash Flow from Investing Activities

Note: No change to the accounting treatment for international consumer credit or merchant working capital products
Accounting changes following the closing of Synchrony Financial transaction

Income Statement

Profit share from the agreement to be recognized within “Other value added services revenue” and is subject to U.S. tax laws as revenue is earned in the U.S.

Balance Sheet

U.S. consumer credit receivables will no longer be presented on the balance sheet
Cash proceeds (approximately $6B+) associated with the sale of the U.S. consumer credit receivables portfolio recognized upon close

Cash Flow Statement

At close, proceeds relating to net new loans originated post-HFS allocated to Cash flow from Operations and proceeds relating to existing loans originated pre-HFS allocated to Cash flows from Investing activities (one-time)
Profit share economics will be reflected as a component of Cash Flow from Operations (ongoing)
## 2018 Outlook

### Previous Guidance as of November 16, 2017

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<table>
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<tbody>
<tr>
<td><strong>TPV Growth (Spot)</strong></td>
<td>Mid to high 20%</td>
</tr>
<tr>
<td><strong>Revenue Growth (Spot)</strong></td>
<td>Approximately 16.5% (Partnership impact ~3.5 points)</td>
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<td><strong>Non-GAAP Operating Income Growth</strong></td>
<td>Approximately 20%</td>
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<td><strong>GAAP vs non-GAAP Operating Income margin</strong></td>
<td>Adjusting for one-time items related to held-for-sale accounting, GAAP operating margin expected to expand at least in-line with non-GAAP operating margin</td>
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### Updated Guidance as of January 16, 2018

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<td><strong>Revenue ($)</strong></td>
<td>$15.000B-$15.250B (Reflects ~3.5 point impact related to the sale of U.S. consumer credit receivables to Synchrony Financial starting H2'18 post closing)</td>
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