

Leaders in modern money



DUPLICATE - A COPY OF THE PARENT
UNDERTAKING'S CONSOLIDATED
ACCOUNTS, INCLUDING A COPY
OF THE AUDITOR'S REPORT AND
THE ANNUAL REPORT ON THOSE
ACCOUNTS.

TO SUPPORT AAO6 STATEMENT OF GUARANTEE
BY A PARENT UNDERTAKING OF A SUBSIDIARY
COMPANY FOR :

YESPAY INTERNATIONAL
LIMITED

COMPANY NO. 450 9853

We have developed a comprehensive suite of communications that allow us to keep investors up-to-date.

Our communication channels:



Investor website

The most up-to-date news, views, figures and insights on our business for investors: <http://investors.worldpay.com>



Investor meetings

We have an active programme of investor engagement which is summarised on page 58.



Results centre

Results presentations, financial tools and presentation webcasts. Details can be found on our investor site.



Annual Report and Accounts

A comprehensive report on our year available online and on request from Worldpay.



Corporate responsibility

Our corporate website includes details on our corporate responsibility programme: www.worldpay.com/global

Your feedback matters

Please give us your feedback on our approach to Corporate Reporting at: investor.relations@worldpay.com

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The role of this report

We believe the role of the Annual Report and Accounts is to explain to shareholders how we create long-term sustainable value, to report our performance against key objectives, and to state our understanding and position on key topics such as:

- Our markets
- Our strategy
- Risks and uncertainties
- Governance
- Our financial performance and position

Additional investor information and presentations can be found on our investor site at <http://investors.worldpay.com>

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Worldpay is one of the world's leading payments companies. We have over 30 years' experience and serve around 400,000 merchants.

Our advanced technology-led solutions enable merchants to accept a wide range of payments from consumers around the world.

We manage the complexity of the payments landscape to help merchants grow their businesses, while increasing their efficiency and reducing their risk.

We are Worldpay and we are ready for business.

At a glance

Leaders in modern money, helping customers prosper

Worldpay Group

Our vision is to be the world's most progressive and reliable payments partner, sharing insights and helping customers prosper.

Merchants

400,000

Colleagues

5,200

Offices

25

Payment types

300

Worldpay is headquartered and listed in London and is a FTSE 100 Index member

We process payments from geographies covering 99% of global GDP.

Successfully developed Worldpay Total in the US, delivering omni-channel, integrated payments capability.

Hosted our first ever US hackathon in 2016.

We processed around 15 billion transactions for our customers in 2016.

2017: Expanding our products and services

- Building momentum with Worldpay Total
- Continuing to scale and enhance new product launches including enhanced data analytics
- ➔ Extending our capabilities in next-generation hardware and software

Gained acquiring licence in Brazil in early 2017.

Link to:
Our strategy
pages 18-21

Our network spans 146 countries.

Launched new products such as Your Marketplace, the Worldpay Service Portal and My Business Hub.

2017: Extending our market reach

- Developing partnerships and new licences across Asia, Europe and South America
- › Expanding with new and existing customers
- › Strengthening our regional capabilities

Link to:
Our strategy
pages 18-21

Showcased our leading innovation and insights to customers at our Annual Better Business Conference in the UK and Rethink Conference in Barcelona.

Gained new licences in Hong Kong and Singapore, and strengthened our regional offices in Asia.

Our bankout products support cross-border payments in over 60 countries.

Strengthened our regional capabilities in Asia Pacific.

2017: Developing our technology and innovation

- Our new acquiring platform will deliver significant agility, flexibility and efficiency
- › Trialling our next-generation payments gateway
- › Investing in future payments technology

We enable transactions in 126 currencies.

Expanded payments processing in Australia in 2016.

Link to:
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Chairman's statement

“

I am pleased with the strong financial results and the execution of our strategic plan, positioning us well for the future.

”

Dear shareholder,

In our first full year as a publicly listed company, I am pleased to report good progress on many fronts. We delivered strong financial results, with substantial improvements in profits and returns and a further strengthening of our balance sheet. We also continued to enhance our capabilities through the execution of our strategic plan, positioning us well for the future in terms of products, market reach, technology and people. I am also pleased with the progress we made as an organisation in terms of leadership, governance and culture.

The Board, governance and corporate culture

During 2016, we strengthened our Board with the appointments of Deanna Oppenheimer and Karen Richardson. Both add to the diversity of the Board given their extensive skills and international experience: Deanna in the field of financial services; and Karen with a deep knowledge of the technology sector.

James Brocklebank and Robin Marshall, who were representatives of Advent and Bain respectively, resigned from the Board on 9 September 2016, upon the sale of shares by the Group's former private equity owners below the level that gave them Board appointment rights. I would like to thank James and Robin for their significant contribution to the development of the Group since 2010.

As a Board, this year we renewed our focus on the strategic opportunities and challenges arising in our industry, and we also kept a close watch on the potential effects of political and regulatory change. In addition to a range of issues considered by the Board, we reviewed, at each of our meetings, the development of our new acquiring platform and the robustness of our defences against cyber and other technology threats.

I am particularly pleased that since the IPO, the Board and its Committees have become firmly established and are actively engaged with, and recognised across, the organisation. They have taken

a keen interest in number of matters during the year, including talent development, management succession, engagement and corporate responsibility.

I believe we are operating to a high standard of governance, as is expected by our shareholders and wider stakeholders. In turn, we welcome the development of a strong Worldpay culture across the organisation that supports the sustainable success of the Group over the long term.

Dividends

We paid our first interim dividend on 18 October 2016 of 0.65p per ordinary share and propose to pay a final dividend in respect of 2016 of 1.35p per ordinary share, making a total dividend for the year of 2.00p per ordinary share. The final dividend will be paid on 27 June 2017, subject to shareholder approval at our Annual General Meeting on 10 May.

Colleagues

The Board wishes to express its appreciation to all Worldpay colleagues for their contribution in 2016. A majority of our colleagues are already shareholders and a significant number are participating in our share incentive and share ownership programmes, meaning that they share in the success they are creating.

Our stakeholders

I would like to thank our shareholders, bond holders, banks, customers and suppliers for their continued support during the year. We look forward to continuing to engage with them in the future.

Sir Michael Rake
Chairman
7 March 2017

2016 highlights

A strong set of results

Revenue		Net revenue ¹		Underlying EBITDA ²	
£4,540.8m		£1,124.2m		£467.6m	
15% ↑		15% ↑		15% ↑	
2016	£4,540.8m	2016	£467.6m	2016	£467.6m
2015	£3,963.0m	2015	£406.1m	2015	£406.1m
Profit before tax		Free cash flow ³		Diluted earnings/(loss) per share	
£264.1m		£170.9m		6.6p	
£245.0m ↑		£138.5m ↑		8.4p ↑	
2016	£264.1m	2016	£170.9m	2016	6.6p
2015	£19.1m	2015	£32.4m	2015	
Number of transactions processed ⁴		Total transaction value ⁴		Net revenue/total transaction value ⁴	
14.9bn		£451.1bn		0.25%	
14% ↑		12% ↑		1 basis pt ↑	
2016	14.9bn	2016	£451.1bn	2016	0.25%
2015	13.1bn	2015	£404.2bn	2015	0.24%

1 Net revenue is defined as revenue less interchange and scheme fees.

2 Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are discussed in the Financial review on pages 54 to 55. A table showing how underlying EBITDA reconciles to profit before tax is also provided in the Financial review on page 51.

3 Free cash flow reflects the net cash flow from operating activities of £318.6m (2015: £337.1m) adjusted to remove the working capital and other movements associated with the IPO (2016: £(21.4)m; 2015: £25.0m) and the tax paid in respect of the CVR holders' 90% share of the taxable gain in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil); less net capital expenditure of £160.8m (2015: £179.0m) and underlying net finance costs paid of £52.4m (2015: £100.7m).

4 A table showing how free cash flow reconciles to the net increase/(decrease) in own cash and cash equivalents is provided in the Financial review on page 56.

4 2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting.

Chief Executive's statement



In 2016, we delivered very strong financial results and made significant progress on our strategy.



In 2016, we delivered very strong financial results and made significant progress on our strategy, by further deepening our relationships with customers, extending our market reach, and developing our technology, products and people capabilities. We are continuing to capitalise on the strong structural growth drivers in our marketplace: the growth of digital transactions and ecommerce, and the increasing complexity of payments for our merchant customers, particularly for those who operate across multiple channels or on a broad international basis.

Our strategy is focused on helping our customers to prosper, by using our payments expertise and insight to increase their sales, and reduce their costs and risk. It is designed to ensure the continued success of our business in a competitive and rapidly changing market, in order to deliver sustainable value to our customers, colleagues and shareholders. We expect that realising the full potential of our business model will drive robust, visible and recurring organic revenue growth over the medium-term.

A very strong financial performance in 2016

We processed around 15 billion transactions, an increase of 14% compared to 2015. Total transaction value was £451bn, up 12%, and net revenue rose by 15%, to £1,124m.

We delivered increased profitability, with underlying EBITDA growing 15% to £467.6m, and a substantial improvement in free cash flow to £170.9m, despite high levels of investment.

At a divisional level, Global eCom delivered strong and broadly based growth, with transactions growing 30% to 5 billion, supporting net revenue growth of 22%. Underlying EBITDA increased 18%. In WPUK, net revenue grew 8%, supported by transaction volume growth of 7%, and, with ongoing good cost discipline, underlying EBITDA rose 11%.

In the US, we delivered better operational execution in 2016 and are making good progress towards building a sustainably stronger business. Underlying EBITDA increased by 9% at constant currency and transactions rose by 7%. However, we are not yet seeing the benefits of the execution of our strategy on our top line, and net revenue grew 2% in 2016. This will be a key focus in 2017 and 2018.

Market environment

The dynamic nature of our markets presents both opportunities and challenges, which we are tracking closely. We are actively involved in shaping these developments with our merchants and partners, industry and technology bodies, and with regulators.

An important regulatory development in Europe is the implementation of the Second Payment Services Directive (PSD2), which is a significant step in building a Digital Single Market in the region. It aims to build a more integrated and efficient payments market across Europe, and to promote competition, bringing into scope new types of payment services and enhancing customer protection and security.

Overall, we see an opportunity in PSD2 to help our customers navigate this new payments landscape, and we will continue to work closely with EU and UK regulators and our merchant customers on the implications and details of its implementation.

Substantial progress on our strategy

We made substantial progress on our strategy in 2016. We further strengthened our customer relationships, product offering, market reach, technology and people capabilities, making improvements across a broad front, underpinned by a large number of individual initiatives.

Extending our market reach and expanding our products and services

We further extended our market reach, and delivered a substantial number of proposition upgrades and new products in 2016.

We gained new licences in a number of jurisdictions, including Hong Kong, Singapore and Australia, and added Brazil in early 2017. Work is currently underway to develop further partnerships and licences across Europe, Asia and Latin America, and this is being reinforced by a strengthening of our capabilities in regional offices to support the growth of our business, notably in Asia and South America.

We launched a large number of new customer products and services in 2016. These included the launch of Your Marketplace in the UK, a new insight and reporting tool; major upgrades to alternative payment methods; and extensions to our bankout products, supporting cost-efficient cross-border payments. We also increased security for our customers, with advances such as cross-tokenisation, which creates common payment tokens across every channel, and point-to-point encryption.

The successful development of our omni-channel product, Worldpay Total, continues, and is now available across all three divisions. In the UK, momentum is building strongly, and we have added further functionality, including high value contactless and cross-tokenisation. We were pleased to launch Worldpay Total in the US in the fourth quarter, offering functionality specific to the American marketplace, having announced a European product for Global eCom customers earlier in the year.

Further development in technology and innovation

Our strategy is to continually invest in technology and products so that we can achieve better business outcomes for our customers. We believe that these investments in technology and engineering talent will extend our competitive advantage. We made good progress on strengthening our technological capabilities in the year.

Our new acquiring platform is a key component of our technology infrastructure, and will deliver significant enhancements in terms of agility, flexibility and efficiency. We have made good progress and now have thousands of new customers successfully transacting on it. We have, however, made a judgement call to alter the rate of migration to ensure that we maintain our current strong growth trajectory and the accelerating pace of product development. By the end of 2017 we expect to have migrated the majority of customers onto the new platform, including a significant number of our SME customers and some of our highest volume merchants. For more complex customers, the pace of further migration is likely to be more determined by their preference, and given that a number will not want to migrate to the new platform in the run up to the holiday season, we now anticipate that these customers will migrate in 2018. As a result, we will incur some modest incremental operating costs, but we do not expect a material increase in capital expenditure.

Elsewhere in our technology estate, we are also investing in a next-generation payment 'routing' layer that enhances our existing investment in technology assets such as our payment gateways, enabling the intelligent routing of payments. We expect to begin trials with customers at the end of 2017.

In addition, we have been developing a new capability for analysing and reporting on data across the entire organisation through our new Enterprise Data Platform (EDP). By industrialising our use of data, particularly in areas such as decision services, data visualisations and technical insights, we have enhanced our capabilities to better serve our merchants, partners and colleagues. We expect the use of EDP to permeate more widely into our operations and systems in 2017.

We continue to place a central focus on digital innovation, and expect to commence customer trials of our research and development projects and investments in 2017, including in advanced technologies around identity and mobile-based payments acceptance.

Chief Executive's statement continued

Strengthening our leadership team

We have continued to build our senior leadership team over the course of the year. We were delighted to welcome Karen Richardson and Deanna Oppenheimer to the Board, bringing extensive knowledge of the industry as well as substantial commercial and financial experience. James Brocklebank and Robin Marshall, who were representatives of Advent and Bain respectively, resigned from the Board in September following the reduction in Advent and Bain's combined shareholding to 10.7%.

Given our growth ambitions, we have also made several changes to strengthen our Executive Team, drawing on the best talent from both inside and outside the business, and demonstrating our managed approach towards achieving evolution and continuity in our leadership team. Appointments in 2016 included Kim Crawford Goodman as CEO of Worldpay US, Kevin McCarten as Group Chief Strategy Officer, Ruth Prior in the newly created role of Chief Operating Officer, and Ruwan De Soyza as Group General Counsel. In 2017, we also appointed Peter Jackson as CEO of Worldpay UK.

Investing in our people

We are continuing to invest in our people, to ensure they have the skills they need to deliver for our customers, and that they have sustainable and fulfilling careers at Worldpay. We launched our first ever graduate and return to work programmes, both of which were considerably oversubscribed, and also supported over 40 colleagues in their participation in a Master's degree programme on International Payments in collaboration with the University of Middlesex.

We have a committed and engaged workforce. We are pleased to have received a 'one star' rating in The Best Companies engagement survey for the second year running, with 86% of colleagues participating in the survey compared to 72% in 2015, and also to have had 60% of UK colleagues participate in our first ever Save as You Earn Scheme, and 41% of US colleagues in our Employee Stock Purchase Plan.

I would like to thank all of our colleagues for their continued commitment and dedication to driving our success.

Dividend

The Board is recommending the payment of a final dividend of 1.35p per ordinary share, making a total dividend for the 2016 financial year of 2.00p. The final dividend will be paid to shareholders on 27 June 2017, subject to their approval at our Annual General Meeting on 10 May.

Outlook

We delivered a very strong financial performance in 2016, and our guidance for the medium term, which includes targeting compound annual net revenue growth of approximately 9% to 11%, remains unchanged.

2017 has started well and as we look forward, we believe we are well placed to take advantage of the many opportunities we see in our markets, given our robust business model and the investments we are making in our capabilities and resources to support our strategy. We therefore remain confident in our future prospects and our ability to continue to deliver strong, visible and recurring shareholder returns.

Being a responsible leader in modern money

In 2016, we launched our new approach to corporate responsibility at Worldpay, focused on ensuring that our business is sustainable and acts responsibly with our customers and our people, and in the communities where we operate.

Our approach, which was developed by our Corporate Responsibility Council with significant input from colleagues across the business, draws on our business capabilities and expertise, and is built around three strategic pillars:

- Our customers: Supporting our customers in a responsible and sustainable way; helping them grow their businesses; innovating with new products and becoming more resilient; and, as a result, helping communities prosper and the wider economy to grow.
- Our people: Making Worldpay a great place to work, embracing diversity; empowering personal development; and encouraging our colleagues to make a meaningful contribution by giving something back to their local communities.
- Our world: Making a positive impact on the world; operating to high legal and ethical standards, and encouraging our suppliers to do the same; protecting the environment; and using our core capabilities to make a positive difference in society.

Our focus in 2017 will be on further developing this approach and embedding it across the business. Information on our progress to date and our plans for the future can be found in the Resources and relationships section of this report, with more detail available online at www.worldpay.com/global.

Our markets

Since the widespread adoption of payment cards in the 1960s, there has been an ongoing shift from cash to non-cash payments. Today, these include credit, debit, prepaid cards, and many other forms of local and alternative payment methods.

More recently, ecommerce (purchases by consumers online rather than in high street stores) has seen fast growth, and ecommerce merchants are also increasingly operating in many countries. This contrasts with historic models where merchants were primarily focused on a single, or a small number of, domestic markets.

The fast growth of ecommerce and its increasingly international nature is making payments more complex for merchants in a number of ways: in complying with local market regulations and practices; in minimising the costs inherent in cross-border trade; in managing cash flows and reporting in many different currencies; in taking a larger number of different payment types; and in dealing with greater threats of fraud. In addition, if they have businesses operating both offline (on the high street) and online in the ecommerce market, merchants are challenged to integrate these two parts of their businesses.

In light of these market trends, payment acceptance is no longer seen as a business utility but as a strategic enabler of growth and differentiation. As such, merchants need their payment partners not only to process transactions safely and reliably, but also to provide them with the opportunity to compete across channels, open up new markets, interpret their transaction data and maximise acceptance, while minimising fraud and risk.

Competitive landscape

We operate in competitive markets, and compete against a broad range of companies who provide payments services. These competitors range from a small number of global payments companies, who primarily compete with us in the ecommerce space; to smaller players who may be focused on particular geographies or customer segments; to niche specialists who compete based on specific expertise.

As the competitive landscape evolves, we believe the advantage lies with market participants who can:

- › Maximise acceptance while minimising fraud: Companies that provide end-to-end coverage and scale technology to anticipate evolving requirements and threats.
- › Meet the demand for omni-channel options: Payment partners need to offer a comprehensive range of integrated payment channels to maximise sales opportunities and ensure reconciliation in one place.
- › Follow and support consumers globally: Providers need to establish a global network to provide access to international markets through local or alternative payment methods, currency conversion and settlement.
- › Leverage the advantages of being able to process large volumes of data: Scale players capturing a high volume of transactions have a superior data set to exploit and the capital to invest in new products and services for merchants.



Ongoing shift from cash to non-cash payments.



The nature of competition is changing as our markets evolve. Many payment service providers predominantly compete on a national or regional basis, principally serving merchants in their home markets.

Payments providers in these markets tend to be either owned by a domestic or regional bank, or to have come from this heritage. As a result, it is common for the top three payments companies to account for at least half of the payments market in specific countries or regions. It is also typical for a number of niche specialists to operate in these types of markets, and, while their shares tend to be small, a number are gaining ground as a result of their innovative, technology-based offerings.

On a global basis, however, competition in our markets remains fragmented, given this national or regional industry heritage. Although a number of global payments companies have emerged to serve the needs of merchants who operate predominantly in ecommerce markets, there are a relatively small number who can provide merchants with access and connections to global payments networks and the value-added services they require.

Market shares of payments companies, when measured on a global basis, remain quite small. We therefore believe that, over time, our industry is likely to consolidate as payments become more global. This will enable payments companies to serve merchants more effectively on a worldwide basis, and leverage the benefits of scale.

Our markets continued

Market themes

In last year's Annual Report and Accounts, we highlighted the following five themes which are important in understanding our markets and the growth prospects they offer. This year we have updated the analysis in each section for the latest trends and available statistics.

1. Digital payments is a large, global and fast-growing market.
2. Technology is enabling new ways to pay.
3. Consumers expect more from merchants.
4. New ways to pay are proliferating globally and locally.
5. Risk, fraud and regulatory change are increasing the burden on merchants.

Each of these themes is discussed in more detail on the following pages.

Market theme 1:

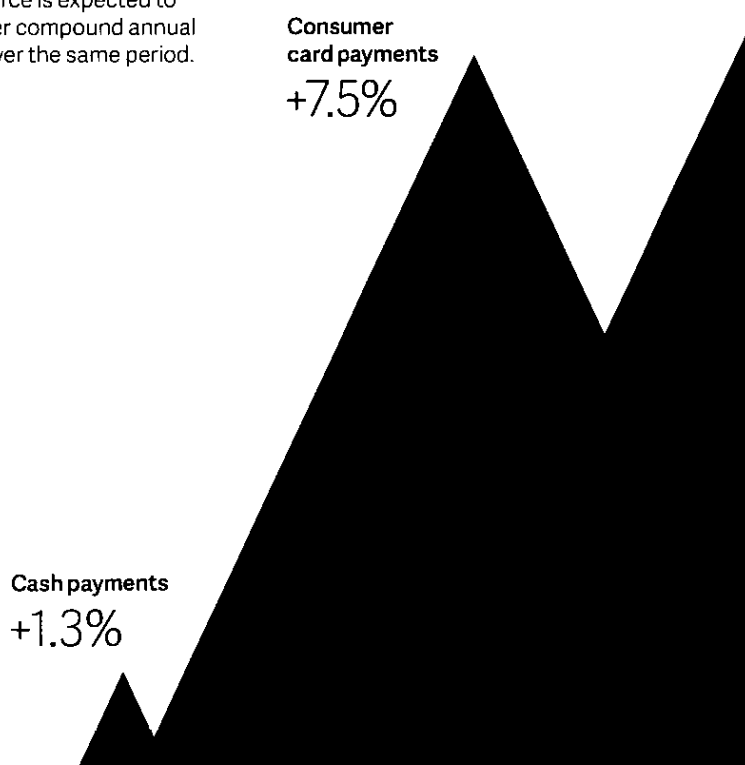
Digital payments is a large, global and fast-growing market

In 2016, according to Euromonitor International, it is estimated that total worldwide card payments by consumers will have amounted to \$23.1 trillion, exceeding the total amount spent in cash for the first time. We are seeing an increased propensity both to use cards, and to use cards for lower value payments. The total volume of card payments is increasing at a faster rate than the value of card payments or the number of cards.

RBR states that in 2015, the volume of card payments increased by 15%, compared to a 10% increase in value and an 8% increase in card numbers and they expect the shift away from cash payments to continue. Consumer card payments are forecast to grow at an average of 7.5% per annum from 2015 to 2021, and ecommerce is expected to have an even stronger compound annual growth rate of 16% over the same period.

By contrast, global cash payments, which are estimated to have totalled about \$22.6 trillion in 2016, are forecast to register a compound annual growth rate of only 1.3% to 2021. Cash is still used for about 85% of all transactions worldwide due largely to cash being preferred for a great number of small value transactions. We expect increasing card issuance, together with technological innovation and regulation, to result in that percentage decreasing in the future.

As a result, we expect strong growth in payments revenues, even in developed markets. Oliver Wyman's 2016 EU Retail and SME Payments Report forecasts that credit and debit card revenues in the EU are expected to rise at an annual average rate of 4% and 8% respectively until 2020, with account-to-account transfers growing at 6%; while revenues associated with cash transactions are expected to grow by only 1%.



Forecast compound annual growth rates
 2015-2021

ecommerce
 +16.0%



Market theme 2:

Technology is enabling new ways to pay

Technology is liberating commerce for consumers, allowing them to switch between payment channels, browse and buy on the move and pay through different devices. As a result, merchants need to provide innovative, fast and flexible payment solutions. Much of this is being driven by the increasing use of smartphones and 'smart devices'.

According to Statista, in 2015, more than 25% of the global population used a smartphone and over a third of the world's population is projected to own a smartphone by 2017, up from just under 10% in 2011.

In addition, we expect that in the coming years, most electronic products will support smart applications linked directly to consumers' payment details, so that they can be used to make purchases at the touch of a button or even automatically. PwC predicts that the connected home market could grow at around 35% on average in the five years to 2020. We expect this to lead to more challenges for merchants, particularly in the field of identity, and to also raise issues of device and data security. Merchants will need to differentiate between different users and their payment details, and the proliferation of interconnected devices may result in increased susceptibility to hacking and fraud. Payment partners will, therefore, need to play an increasing role in helping merchants to grow efficiently and securely.

Our markets
continued**Market theme 3:**

Consumers expect more from merchants

Consumers are seeking a seamless, but safe, transaction experience from merchants, bringing together all their interactions, both offline and online. These new experiences are difficult to support using traditional payments technology, and complex to implement for merchants. Consumers increasingly expect to shop in one channel and seamlessly return an item in another. However, currently, data, finances and transactions are frequently stored in different systems for ecommerce and in-store channels.

In some markets, this consumer demand for an integrated experience has been taken one step further, with payment methods becoming increasingly embedded into daily life interactions and activities.



In some markets, the consumer demand for an integrated experience has been taken one step further, with payment methods becoming increasingly embedded into daily life interactions and activities.



Our 2016 Global Payments Report highlighted how consumers in China, for example, use Alipay when booking a taxi, searching for a restaurant, chatting to friends, and when they want to make a purchase or a peer-to-peer transaction.

However, in the West, consumers are more likely to open their browser to buy goods and use a purpose-built app for money transfers. This has resulted in payments markets remaining fragmented. While this offers more choice to consumers, it has slowed adoption as they find it difficult to decide which payment methods are best for them.

This evolving landscape will require merchants to remain current with emerging payment methods, while companies like Worldpay will also play a critical role in helping to harmonise and simplify the payments landscape for both merchants and consumers. One aspect of simplifying this landscape is being led by the World Wide Web Consortium's (W3C) Web Payments Working Group, which Worldpay co-chairs, and whose aim is to make online payments easier and more secure.

Market theme 4:

New ways to pay are proliferating globally and locally

There are currently more than 300 local and alternative payment methods in use around the world, and we expect that number to continue to increase.

Our 2016 Global Payments Report highlights that, while we are seeing an increase in mobile wallet payments, overall mobile wallet uptake has been slower than expected, given the rise in contactless payments, and as a result of smartphones with the required technology being out of reach for some consumers. We expect this to change, however, as consumers upgrade their phones to NFC-enabled devices, mobile wallets add attractive services such as budgeting features and loyalty schemes, and merchants upgrade their payment terminals to support mobile wallets.

We are also seeing an increase in the adoption of flexible payment methods, particularly by digitally literate consumers who want increased control over their finances.

In addition, we are seeing a rise in flexible e-invoicing, bespoke credit cards and prepaid cards. Klarna, for example, is now one of Europe's best known credit issuing platforms, and its strong growth in the Nordic region is now being supplemented by growth in the rest of Europe and the US.

Elsewhere, cost-conscious consumers are driving growth in the adoption of prepaid cards, particularly in emerging or semi-mature markets. In Brazil, for example, the *Carta Elo prepaid card* is challenging American Express as the third most popular payment scheme behind Visa and Mastercard.

Global payment methods 2020 forecast

Credit and debit
cards

36%

eWallets

30%

Bank
transfer

13%

Cash on
delivery

8%

Prepaid

6%

Other

7%

Market theme 5:

Risk, fraud and regulatory change are increasing the burden on merchants

The risk of fraud and data breaches is a growing threat for our merchants, as more business moves online, and as more data is held in the cloud. The UK Government's 'Cyber Breaches Survey 2016' reported that 65% of large companies had detected a cyber-security breach or attack in the last year. In addition, Symantec, in its April 2016 'Internet Security Threat Report' noted a 23% increase in identities exposed through breaches in 2015; a 36% increase in new malware variants; and a 77% increase in new Android mobile malware variants.

For consumers too, the greater use of smartphones for payments and managing finances means that they increasingly contain valuable personal information, creating attractive targets for criminals. The 'Internet of Things', whereby cars, household devices and appliances, and medical devices, for example, can now be connected to the internet, has added a further layer of potential vulnerability.

Payments companies are responding to this with significant investments in security technology (such as in single use tokens which obscure a card number making it useless to a criminal); encryption; and fraud identification tools. The verification of a consumer's identity is also a key challenge, leading to development of technologies such as facial recognition for offline transactions, and non-traditional methods of identity verification online.

65%

Two thirds of large companies have detected a cyber-security breach or attack in the last year.

Regulators, both national and global, are also continuing to drive change and push for more innovation in payments. The Second Payment Services Directive (PSD2), which will be implemented in 2018, is an important step in building a Digital Single Market in Europe. It aims to build a more integrated and efficient payments market across Europe, and to promote competition, bring into scope new types of payment services and enhance customer protection and security. This provides both an opportunity and a challenge for payments companies as they help customers to navigate this new payments landscape.

“

The Second Payment Services Directive is an important step in building a Digital Single Market in Europe.

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Our business model

Worldpay is one of the world's leading payments companies. Our business enables customers to accept the payment types their customers wish to use, from the country and in the currency of their consumers' choice.

Our payments capabilities include our people, our data and insights, our technology, and our network of licences, partnerships and relationships. These mean that we are strongly placed to partner with merchants to enable their growth strategies, and to derive growing, visible and recurring revenues from serving them.

Worldpay is committed to helping all its customers to:

- Increase sales: by opening up new payment channels, accessing new international markets, maximising payment acceptance rates and providing value-added services such as insights into their business and markets
- Reduce costs: by eliminating the costs associated with managing cash payments and providing a single, unified solution, removing the need for multiple suppliers
- Reduce risk: by using proprietary analytical tools to identify and eliminate fraudulent transactions whilst simultaneously reducing 'false positives'

Our key inputs:

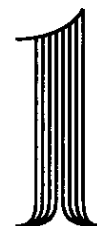
- Our global payments network, with an unparalleled set of partnerships and relationships
- Our modern technology platform, which has high levels of capacity, flexibility and speed
- Highly skilled people, with a deep understanding of the payments needs of our customers
- Strong cash generation from recurring, visible revenue streams, allowing high levels of investment in technology and innovation to serve our customers

Key facts:

Enable merchants to accept payments from geographies covering over 99% of global GDP

Over £500m invested in our technology platform to date

Over 1,300 people in our technology team



What we do:

- We enable merchants to accept payments from consumers, principally from debit and credit cards and eWallets
- We offer our merchants the ability to take a very broad range of payment types, and to accept payments in the currency and from the country of the consumers' choice
- We enable merchants to take payments at the point of sale, online or through devices embedded with our payments technology
- We authenticate the payments, and then process and settle the funds
- We offer a number of other services, including data and insight services, fraud management tools, payments hardware provision, and treasury services

Key facts:

We enable acceptance of over 300 payment types

We process payments in 146 countries

We offer 126 transaction currencies



How we generate revenue:

- We collect fees for the transactions we process, typically based on a small percentage of the value of the transaction
- We charge fees for other services, such as hardware rental, security and fraud services, and treasury and foreign exchange services
- We charge subscription fees for access to advanced reporting and analytics
- We charge for advisory services for customers

Key facts:

14.9bn transactions processed in 2016

£451.1bn of payment value processed in 2016

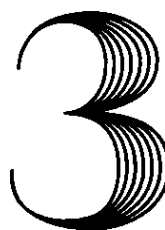
2016 net revenue of £1,124.2m

Creating sustainable value:

- We create sustainable value for our customers, colleagues and shareholders
- We help our customers prosper through optimising business outcomes. We allow them to get a single view of their own customers and offer ways to save costs and time and discover new ways to sell
- We invest in our people to create the next generation of leaders who find innovative and practical solutions for our customers, partners and regulators
- For our shareholders, we have a clear strategy for sustainable value creation using our core capabilities to generate growth, operating leverage and strong cash flow

Link to:

How our business model works
pages 16-17

**Why our customers choose us:**

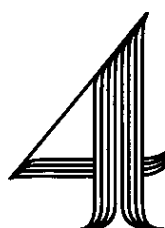
- We understand our customers' payments needs and their industries, and offer innovative products designed for them
- We have deep knowledge of the payments market and a global reach, supported by an unparalleled network of licences, partnerships and payment types
- Our scale allows us to offer superior data and insights to our customers, and to make substantial investments in products and propositions to support them
- We achieve better outcomes for our customers, maximising their sales and minimising their costs and exposure to fraud and risk

Key facts:

Over 30 years of delivering payments services to merchants

A top 5 global acquirer with an unmatched combination of capabilities, reach and scale

Trusted by around 400,000 customers



Our business model continued

How our business model works

Accessing our payment network

We enable our customers to accept payments through access to our global payments network by a variety of mechanisms.

Customers can access our network:

- › At the point of sale, e.g. with a hardware terminal, a kiosk, a tablet, or a phone with an app
- › On a website, either through a customer's own website or using our payment pages
- › Through a wide array of devices 'embedded' with our payment technology, e.g. through gaming consoles, petrol pumps and apps

How we capture value

We collect fees depending on how our customer decides to access the network, ranging from a 'pay per payment attempt' on a website to a monthly rental fee for a hardware terminal, as well as fees to certify and secure the connection to our network.

Authenticating with the providers of the payment instrument

We offer our customers the ability to process payments in 126 different transaction currencies and accept payments from the major international credit card networks and many local debit cards.

- › We connect to over 300 proprietary payment networks, e.g. global card networks (Visa, Mastercard), regional networks (China UnionPay), local domestic networks (iDeal in the Netherlands), alternative payments (Boleto vouchers in Brazil), and emerging networks (Klarna in Europe, TenPay in China)
- › We apply a range of real-time fraud and risk checks, both on our customer and the end consumer
- › We underwrite the risk that the transaction may not be valid, or that the goods may not be as sold or delivered

How we capture value

We collect fees depending on the services we provide to our customer, ranging from a few basis points for a debit card transaction, to a percentage of the transaction value for a full fraud-checked, cross-border payment.

Preventing fraud and monitoring risks

As money moves through our network, we detect and prevent fraud at each step.

- › We perform due diligence on new customers to protect end consumers
- › Our platform checks the validity of the payment instrument, the payer and the customer at the point of a transaction
- We offer software tools for customers to set their own tolerance for risk, based on factors such as geographic location of the payer and the type of payment instrument

How we capture value

We collect fees for these services, ranging from a monthly subscription fee to a percentage of the value of the transaction.

Processing value

Our payments platform matches and verifies tens of millions of transactions every day.

- We validate the fees and charges owed to the issuers of credit, card networks and other intermediaries, reconciling hundreds of millions of pounds across a vast array of counterparties in a few hours overnight
- We manage exceptions, errors and disputes from any of these counterparties (including if our customers fail to provide the product or service to the end consumer) and oversee the claim until it is resolved

How we capture value

We collect fees depending on the nature of the agreement with the credit issuers, card networks and other intermediaries. We also charge if the customer seeks advice for ways to lower their costs to these third parties.

Settling funds and providing treasury and FX services

Our platform then applies a complex set of algorithms and rules to optimise, price and send funds to customers in the way they prefer.

We offer:

- A mix of currencies of their choosing in which to settle the funds owed to them
- A range of cross-border bank transfers to send funds to local accounts of their choosing
- A variety of other treasury services

How we capture value

We collect fees in a variety of ways, ranging from a fee for each transfer, to recurring subscriptions, to a percentage of the value of the currency conversion.

Analysing and interpreting data

We store transaction data to analyse trends and look for patterns across payment types, countries and types of customer.

- We offer payment analytics and insights on peer groups and industry benchmarking to help our customers run loyalty schemes, guide their consumers to preferred payment types and improve their performance
- We also use this data to help customers optimise their business by reducing drop-outs during the order or online checkout process; maximising transaction approval rates by configuring an optimal route for a payment; reducing costs by lowering risk of refunds; and optimising fees paid to other payment networks

How we capture value

We charge subscription fees for access to advanced reporting and analytics, and we also charge for advisory services to customers.

Our strategy

Our strategy is designed to ensure that our business remains successful in a rapidly changing market, creating sustainable value for all our stakeholders, including our customers, colleagues and shareholders.

We aim to achieve superior results for our customers by having a deep understanding of their payments needs, extensive market reach, and strong product development, technology and people capabilities.

We have developed our strategy based on our long experience with our customers, a comprehensive appreciation of the critical success factors in the industry and a deep understanding of our markets.

Our five strategic pillars focus on:

1. Customers
2. Technology and products
3. Markets
4. Business model
5. Acquisitions and investments

Customers

We will continue to focus on understanding our customers and addressing their payments needs in core market segments

Achievements in 2016

- Strong net revenue growth, up 15%
- 14.9bn transactions processed in 2016, up 14%
- ➔ WPUK net customers added at over four times the level of 2015
- Global eCom transaction value grew by 22%
- US transaction value increased by 5%

Planned for 2017

- Continue transaction growth in all key customer segments
- Drive customer retention and new wins
- Further embed our verticalised approach
- Launch new tools to reach our customers, such as digital channels, and deepening partner relationships

We focus on addressing the payments needs of specific groups of customers in larger corporates and in SMEs (Small and Medium Enterprises).

For our larger corporate customers, many of whom operate internationally, our strategy is to have a deep understanding of their businesses and growth ambitions, and to address the payments complexity that comes from their negotiating multiple payment methods, currencies, channels and regulatory systems.

Our SME customers are predominantly domestic and require products and services tailored to their industry. We help them to navigate the increasingly complex world of payments by providing products and services that are easy to use, which integrate into their business processes and maximise their sales opportunities.

We operate in three principal markets:

Global eCom

We are a trusted partner to approximately 1,200 customers who operate in the global ecommerce market, including some of the largest, global online merchants.

WPUK

We serve approximately 300,000 UK and Ireland-based customers ranging from SMEs to major retailers.

WPUS

In the US, we serve over 100,000 SME customers and approximately 15,000 enterprise customers.

2 Technology and products

We will further develop our technology and products to differentiate us from our competition

Achievements in 2016

- › Commenced customer boarding onto our next-generation new acquiring platform
- › Launched our Enterprise Data Platform with customers, applying machine learning to payments
- › Further developed our UK product offering with the launch of an SME data insight portal (My Business Dashboard) and an all-in-one payments device (My Business Hub), as well as upgrading our omni-channel integrated payments solution (Worldpay Total)
- › Comprehensively upgraded our Global eCom products
- › Launched Worldpay Total in the US
- › Provided around £10m in financing through Worldpay Business Finance in partnership with Liberis

Planned for 2017

- › Migrate customers onto our new acquiring platform
- › Launch customer trials of our next-generation 'gateway', enabling the intelligent routing of payments
- › Continue to scale and enhance new product launches including merchant lending (Worldpay Business Finance) and enhanced data analytics (My Business Dashboard, Your Marketplace)
- › Further develop our Worldpay Total proposition in the US market
- › Extend our capabilities in next-generation POS hardware and software, and deepening our partner proposition
- › Continue investment in future payments technology

Technology is a fundamental strategic capability for Worldpay. We have developed our proprietary global technology platform with software created by our own engineering talent and using our in-house intellectual property. Our strategy is to continually invest in technology and products so that we can achieve better business outcomes for our customers. We believe that these investments in technology and engineering talent will extend our competitive advantage.

Our control and ownership of the components in our payments platform allows us to independently set the pace and sequence of new developments without waiting for external suppliers to deliver product enhancements. It also allows us to serve the needs of a diverse range of merchants in a wide variety of countries; gives us the ability to co-create products with our customers and partners; and enables us to flexibly combine components to better serve our customers' needs.

In 2017, we expect to migrate the final component of our technology still hosted by RBS: clearing and settlement for card acquiring. As we migrated and built the other components of our payments platform, we delivered significant upgrades to reliability, security, performance and capacity. We expect that the delivery of this final component, having been built for modern payments, will enable significant future benefits to speed of development and flexibility.

Our product development agenda includes upgrades to our existing products, both to enable them to scale with predicted customer growth, but also to add features and functionality for customers. We have also invested in a next-generation payment 'routing' layer that enhances our existing investment in technology assets such as our payments gateways and big data engine. We expect to begin trials with customers at the end of the year.

In 2017, we also expect to commence a customer trial of our research and development investments in advanced technologies around identity and mobile-based payments acceptance. We are also targeting further developments in blockchain technologies, identity and biometrics, and payments via embedded autonomous objects on the 'Internet of Things', as well as leading the development of emerging technology standards.

Our strategy
 continued

3 Markets

We will continue to expand in existing markets and enter new ones

Achievements in 2016

- Obtained new processing licences in Australia, Hong Kong and Singapore
- Incorporated new alternative payment types
- ecommerce solution now being delivered to over 45% of new UK SME customers
- Implemented a regional manager model in Global eCom to better support our global customers

Planned for 2017

- Continue to deepen and strengthen our global payments network, obtaining new licences and embedding new alternative payment methods
- Expand with existing customers and take them into new markets
- Win new customers in our existing markets

We are a global payments partner to our merchant customers, providing them with integrated payments and value-added services across a broad geographic reach with a wide range of payment capabilities. Our aim is to allow them to accept any payment type their customers wish to use, in almost any country, and in nearly every currency. This is supported by our global payments network which, with local operating licences and approvals from local regulators, and simple access points into the network for merchants of any size in almost any country, represents a sustainable source of competitive advantage.

In a payments market which remains fragmented, our global network gives us a significant opportunity to expand with our existing customers, helping them to prosper and grow their businesses. In order to maximise our opportunities for growth, we target fast-growing segments in the economies we support, and those customers with complex needs and therefore the greatest demand for our existing and new products and services.

We seek to grow by winning new customers in target segments, where we can use our existing expertise and global network to address their specific requirements. We also aim to broaden our expertise into new segments, developing products, partnerships and technologies to adapt our payments platform to their requirements.

We expect to increase our addressable market by further broadening our reach, and by deepening our presence and capabilities in selected geographies through obtaining new licences, or through new partnerships.

4 Business model

We will realise the full potential of our business model

Achievements in 2016

- Continued strong net revenue growth
- Significantly stronger free cash flow
- Consolidated our 'one star' position in the Best Companies employee engagement survey
- Introduced a UK Save As You Earn scheme and a US Employee Stock Purchase Plan

Planned for 2017

- Continue to deliver strong organic net revenue growth
- Target further improvements in free cash flow
- Deliver improved operating leverage in the second half of the year
- Invest in our people to further improve engagement and drive capability

We operate in strongly growing markets which present many opportunities. We are well placed to capitalise on these and realise the full potential of our business model using our scale, our unmatched global payments network, our extensive payments capabilities, our modern technology platform, and the skills of our people.

We expect that realising the full potential of our business model will drive robust, visible and recurring organic revenue growth over the medium term. This is based on a combination of strong underlying market growth and the opportunities we see to offer more innovation to our customers and provide end-to-end payments solutions.

Since our divestiture from RBS in 2010, we have invested heavily in the Group's infrastructure and people, in each of our three operating divisions, and in the technology separation from RBS. As we pass the peak of this investment, and as we grow volumes and revenues, we expect to deliver improved operating leverage. We also expect to further enhance the strong cash generation inherent in our business model as we reduce our capital expenditure and separately disclosed items, and moderate the rate of underlying cost growth.

5 Acquisitions and investments

We will augment our growth through acquisitions and investments

Achievements in 2016

- Increased investment in our joint venture, Pazien Inc., and integrated its world-class analytics and reconciliation tools into our product offering
- Increased investment in Blue Star Sports Holdings, Inc.

Planned for 2017

- Continue to seek opportunities to deepen our technological and geographical capabilities through acquisition or investment

The highly cash generative nature of our business enables us to make substantial investments in delivering better outcomes for customers. Our strategy is to reinvest, both organically and through acquisition, to support future growth and innovation, and to embed new technology capabilities in the products and services we offer. We will be highly disciplined in our investment, achieving an appropriate balance between promoting strong and sustainable growth, and cost control and cash flow generation.

We have proven M&A capabilities and a demonstrable track record of successful acquisitions that have helped us further our strategic objectives. Since December 2010, we have invested over £300m in acquisitions that have brought new technological capabilities and enhanced our geographical presence. In the future, we intend to continue to pursue M&A opportunities selectively, to expand or strengthen our products, our services, our technology base, or our geographic reach. We will also be creative in our pursuit of new growth opportunities, for example by looking for opportunities to incubate or provide seed funding for attractive and potentially disruptive new payments technologies.

Our strategy in action

Case study BestDay.com

Worldpay is helping BestDay, one of the largest online travel agencies in Latin America, to expand into new global markets, including Mexico, Brazil, Argentina and the US. Worldpay is also providing detailed insights on transactions, as well as statistics on fraud and decline rates to enable BestDay to adapt their offers to the needs of individual travellers across a variety of markets. Worldpay's work with BestDay has driven a 15% increase in their payment conversion rates.

“

Thanks to Worldpay we can now offer a broad range of payment solutions across the globe.

”

Christian Kremers,
CEO of BestDay



We wanted a partner we could trust with a fast, secure and highly reliable service platform. There's been a definite financial benefit to using Worldpay Total.



Ian Pulsford,
The Entertainer's
Head of IT Services

Case study **The Entertainer**

Worldpay's omni-channel payments solution, Worldpay Total, is helping The Entertainer increase sales and drive efficiencies. Staff at the UK's largest independent toy retailer can now provide a more customer-friendly service by accepting payments across all channels including face-to-face, online, mobile and phone. With contactless payment technology, the business can serve customers more quickly which contributed to a 20% increase in sales.

Case study **Automated Installment Systems**

Worldpay US is working with Automated Installment Systems to streamline its online payments capabilities across the business' 70 agencies with over 24,000 customers. Since 2015, Worldpay US has helped to reduce the overall costs of acceptance for AIS by 7%. Using our gateway payment services, AIS has grown its transaction volumes by 65% since the start of 2016, and now over 50% of agents are accepting online payments.

Resources and relationships

Our technology

Our technology platform allows our customers to take payments in almost any way, using almost any payment method, in almost any location. This platform is integrated across the entire transaction process, from the capture of a payment request, to routing and authorising the transaction, and clearing and settling the funds.

This platform functionality is enabled by six sets of components:

- **Interfaces:** To access the payments network, so that customers can use an integration point that provides access to our global payments network through card terminals, websites, mobiles and tablets, as well as code-level integrations for start-ups and software developers.
- **Gateways** that route payments across the network: We have a wide range of gateways, each providing a specific capability for our customers, be it for payments across different channels with rich functionality at high speed or for tailored access into a local market, managing our customers' appetite for risk, cost and acceptance.
- **Value-added products and services:** Our products include risk management and fraud detection, local and alternative payment methods, a wide range of currencies, as well as a payment tokenisation engine to secure sensitive data.
- **Core payments:** We offer two in-house acquiring engines within our payments platform: one optimised for domestic payments in the United States, the other a global engine that accepts payments in 146 countries, including domestic payments in the United Kingdom, India, Japan and Canada. This allows us to optimise payment authorisations, scheme and card network processing, billing rates and settlement.
- **Data:** Since we own and operate the points of entry to our global payments network, the gateways, and the core payment processing, we are able to monitor, store and create insights by analysing payment data and traffic patterns.
- **Customer service:** We have components to manage the entire customer lifecycle, including payment exceptions (for example, chargebacks and other types of payment disputes).

Increased investment in technology

We plan to remain at the forefront of payments technology, and seek to accelerate the benefits from the investment in modern engineering practices and infrastructure. For

example, we are accelerating investment in leading-edge payment gateways. This investment will upgrade our gateways to take advantage of innovations pioneered by internet start-ups and apply them to solve customer needs in payments, including the ability to scale in real time for peak trading days and granular routing of individual payments based on cost, risk or acceptance.

Advanced engineering capability and intellectual property

Our technology advantage is rooted in our engineering and technology talent. Because we are pursuing growth in new markets and new propositions, we have made the strategic decision to invest heavily in building an internal capability to solve customer problems, and to develop new products through technology. Worldpay employs over 1,300 engineering and technology colleagues who have extensive expertise in payments and in our customers' industries, and are able to combine that commercial knowledge with leading-edge engineering.

The engineering and operating teams continually seek to help merchants create a better understanding of their own business dynamics, including how to optimise their payment costs and to interpret data on shopper behaviour and seasonality. Intuitive interfaces aim to demystify payments data and trends, and we provide easy access to quick, targeted insights for small businesses via My Business Dashboard, a simple dashboard that delivers easily digestible reports to enable small businesses to understand their performance over time.

Engagement with standard-setters

Worldpay participates in research and debate and aims to positively influence the direction of the payments industry. As part of this, we continue to engage and lead industry standards-setting bodies: we are an active participant in key technical and industry bodies, including EMVCo and the PCI Security Standards Council Board of Advisors. Worldpay is also the co-chair of the Web Payments working group at the W3C.

Our people

We want Worldpay to be a great place to work and we expect our colleagues to treat each other, our customers and our partners with respect and embrace each other's differences. The Worldpay Way defines who we are as an organisation and drives the way we behave: to Work Smart, Be Spirited and Be Supportive.

We are committed to bringing out the best in our people and fostering a sense of community and belonging, and we actively encourage our colleagues to make a meaningful contribution by giving something back to their local communities.

Embracing diversity

We have a global and diverse workforce which reflects our global customer base and we are committed to promoting diversity and inclusion in the workplace. We take part in the Business in the Community Diversity Benchmark, and our most recent rating in that survey rose from 45 to 70, above the benchmark for our sector. In the 2016 engagement survey, 84% of colleagues agreed that everybody feels welcome at Worldpay whatever their background and culture.

Connecting colleagues

We have a number of established colleague-led global networks including Women of Worldpay (WOW) and GLOW, our LGBT network, which have grown to over 400 and 250 members respectively. In 2016, we launched the Muslims of Worldpay (MoW) network which aims to create a better understanding of the Islamic culture and religion.

Supporting colleagues with families

As a family-friendly employer we know getting the right work-life balance is important. We launched the Worldpay Family Network in November 2016. This colleague-led network offers the opportunity to connect and network with colleagues going through similar experiences and to access inspiring and relevant events and resources on a range of issues at convenient times. The network complements our partnership with My Family Care which provides a wealth of information

5,200

Colleagues and contractors based in 13 countries.

and resources for colleagues with families. Worldpay subsidises six sessions of back-up childcare or elder care for every colleague as well as maternity, paternity and adoption 1-1 coaching and webinars. Nearly 11% of colleagues are registered.

Welcoming colleagues with disabilities

We work to accommodate the needs of colleagues with disabilities by facilitating building access or providing additional or specialist equipment to help them carry out their roles.

Promoting gender diversity

We continue to focus on gender diversity and on strengthening the pipeline of talented women in Worldpay. In 2016, Worldpay appointed Deanna Oppenheimer, Non-Executive Director, Chair of the Group Risk Committee and a member of the Remuneration and Nomination Committees; Karen Richardson, Non-Executive Director and member of the Audit, Group Risk and Nomination Committees; and Kim Crawford Goodman, CEO of Worldpay US.

Worldpay colleagues by gender

2016	Male	%	Female	%	Total*
Board and Executive Team	12	75	4	25	16
Senior Leadership Team	51	81	12	19	63
All others	2,702	59	1,848	41	4,550
Total	2,765		1,864		4,629
2015	Male	%	Female	%	Total*
Board and Executive Team	14	93	1	7	15
Senior Leadership Team	56	80	14	20	70
All others	2,610	59	1,807	41	4,417
Total	2,680		1,822		4,502

* Denotes graded colleagues which excludes contractors and colleagues in India.

Resources and relationships continued

Worldpay is a founding member of the FT 125 Women's Forum, launched in October 2016, which aims to help high-potential women at mid-career level to progress into leadership roles. Through regular events, the forum is designed to engage participants in new thinking around topics such as digital innovation, leadership and attracting and retaining talented women.

We offer all colleagues access to everywoman, an online global network and learning portal that provides resources and learning interventions from e-learning to webinars. Over 700 colleagues, both men and women, are active members. Worldpay also supported the recent everywoman Advancing Women in Tech event.

Worldpay is committed to promoting the advancement of women in technology, supporting events such as the Code First: Girls conference with a keynote speaker and sponsorship. Code First: Girls is a social enterprise that aims to promote women in technology by providing free community courses at universities and companies, and it runs a number of events around the UK.

In 2016, we launched a return to work programme, Refresh, aimed at men and women who have been out of work for two years or more to focus on family commitments. We are offering the opportunity to re-enter the world of work through permanent roles in our Group Technology division. We had 155 applicants for the first programme.

Improving engagement

We have taken part in the Best Companies engagement survey for the past three years. After achieving a 'one to watch' rating in 2014, we secured a 'one star' accreditation in the 2015 survey. In 2016, we consolidated that 'one star' position. Participation rates across the Group were well up on 2015, rising from 72% to 86%, 37% above the average for other similar-sized companies.



'One star' accreditation maintained in Best Companies engagement survey – with an 86% participation rate.

Since starting 'Talk About People' groups in 2015, we have established a group in every region we operate in. These forums give colleagues the chance to speak with their senior management teams and raise local concerns or issues, supplementing the formal relationship we have with UNITE in the UK and the Works Council we operate in the Netherlands.

Sharing in our success

We want to give colleagues the chance to be part of our success. In 2016, we introduced a Save As You Earn scheme in the UK and an Employee Stock Purchase Plan in the US. Both schemes offer colleagues the opportunity to buy Worldpay shares at a discount. The colleague take-up rate has been high (60% in the UK and 41% in the US) indicating the strong confidence our colleagues have in the long term prospects of the Group.

Encouraging personal development

We want colleagues to have long-term and successful careers at Worldpay and we invest in our people to realise their full potential. In 2016, we continued to make significant progress in supporting colleagues' development via the Worldpay Academy which hosts all our training and development activity globally, from induction and online compliance training to development for our leaders.

We continued to show our commitment to Worldpay's future leaders via the launch of our 'Enterprise Wide Leadership' programme. Our partnership with Middlesex University continues, with 24 colleagues forming the second cohort to study our unique 'MA Management – International Payments Ecosystem', which is a 24-month part-time programme fully funded by Worldpay.

We continue to use creative ideas to develop the next generation of leaders and advance our culture, and across the year over 30 high-potential colleagues attended the 'Worldpay Journey', an experiential programme designed to develop them as future leaders.

In September, we took in our first intake of 28 graduates across Finance and Group Technology & Engineering in London and Cambridge. We had interest from over 4,500 candidates from a wide range of universities and backgrounds. The programme complements our established graduate recruitment activity.

Giving something back

In 2016, Worldpay launched the #oneofmany programme which gives all colleagues the opportunity to take one day out of the office every year to volunteer for a charity of their choice. We have already seen many great examples of how colleagues have used these days. We also run a Give As You Earn charitable giving scheme which allows colleagues to donate to good causes through payroll.

You can find further information on these activities, and others around the world, on our Corporate Responsibility website www.worldpay.com/global.

Case study

Our #oneofmany volunteering scheme has captured our colleagues' imaginations

In Brazil, colleagues collected over 40kg of food which they delivered to the Movimento Aproximação children's home in São Paulo before spending the day doing arts and craft activities with the children.

A 20-strong team in Singapore volunteered for their local soup kitchen, Willing Hearts, which provides over 5,000 meals every day for those in need.

Colleagues in our San Francisco offices regularly volunteer for the San Francisco Marin Food Bank, packaging food boxes which are delivered to senior citizens.

Through our partnership with The Prince's Trust, a team in Group Technology & Engineering hosted four young people for four days, immersing them into the world of work as part of the Get Into Tech programme.

Colleagues in Indore spent their #oneofmany day helping out with activities in an elderly care home, a school and an orphanage in their local community.

Resources and relationships
continued

Our world

We strive to make a positive impact on the world we live in. We take a values-based approach to ethics and compliance, and collaborate with industry partners to optimise our collective impact. We are focused on managing growth responsibly while reducing our dependency on natural resources, and on leveraging our core capabilities to make a difference in helping to tackle some of the key issues facing society.

Doing the right thing

At Worldpay, we promote high legal, ethical, corporate and colleague-related standards in our own business and ask our suppliers to do the same. To ensure our suppliers share our values, we introduced our Supplier Code of Conduct at the end of 2015. This is reviewed regularly at governance meetings.

Worldpay is strongly opposed to slavery and human trafficking and we will not knowingly support or do business with any organisation that is involved in either. This commitment is underpinned by our corporate policies which seek to ensure transparency in our employment and supply chains. In 2017, Worldpay will publish a Slavery and Human Trafficking Statement made pursuant to Section 54 of the Modern Slavery Act which will set out our approach to dealing with the potential risk of human slavery and trafficking occurring within Worldpay's supply chain or any part of its business.

Protecting the environment

Protecting the environment for future generations is important to us and we are committed to reducing our carbon footprint as we continue to grow our business. We are implementing measures to make our offices more energy efficient, sourcing green energy options and encouraging colleagues to adopt greener ways of working, including reducing travel and promoting recycling and reuse measures. We work with data centre providers who have a responsible approach to climate change.

In 2016, we implemented a Climate Change policy, available on our Corporate Responsibility site at www.worldpay.com/global which explains how we will manage our impact on climate change and how we will share progress with our stakeholders. Worldpay supports the UN Framework Convention on Climate Change (UNFCCC) which aims to avoid dangerous human interference with the planet's climate system, and the work of the Greenhouse Gas protocol to understand, quantify and manage greenhouse gas emissions.

Case study**We continue to process charitable donations free of charge through our payment platforms**

For Stand Up to Cancer 2016, we processed around 50,000 donations, amounting to nearly £1m.

For the Comic Relief event in 2016, we processed 216,130 transactions, valued at around £6m. We also helped out by volunteering our Gateshead call centre to take payments.

Using our core business capabilities to facilitate good

We are proud to dedicate our scale, infrastructure and capabilities to support initiatives and charities that support our local communities. We also commit our skills and time as mentors through partnerships with a focus on enterprise. Our new partnership with The Prince's Trust in 2016 was established to encourage enterprise, supporting young entrepreneurs with payments technology and mentoring to give them the confidence they need to succeed in setting up their own business.

In November, we were delighted to support The Prince's Trust Christmas Fayre, which brought together young entrepreneurs who have been on The Trust's enterprise programme to sell their products as Christmas presents. To help the businesses, we offered payment terminals and technical support so they could take card payments at the event. In 2017, we aim to establish similar charity partnerships in our global offices that continue our focus on enabling enterprise.

Working with our partners and regulators

Worldpay has developed a strong portfolio of market-leading ecommerce partners across our markets. To ensure that we develop long-term, sustainable and scalable relationships which deliver strong mutual value propositions, we utilise a model of 'find, build, educate and deepen'.

We use a combination of third-party and internal technology resources to build seamless, feature-rich integrations that connect our payment systems into our partners' platforms. This enables customers to do business with Worldpay more quickly, more easily and more cost effectively. We then work closely with key stakeholders in these businesses to ensure they are educated in the propositions we create. The more effectively we educate, the stronger our partnerships become and the more able we are to deliver value to customers.







Worldpay maintains relationships with the major international credit and debit card schemes either via direct licensing or indirect sponsorship via bank partnerships. Worldpay is a member of the Visa and Mastercard schemes in Europe and has Visa and Mastercard licences in Japan, Hong Kong, Singapore and Australia as well as indirect licences for Visa and Mastercard through bank partnerships in the United States, Canada and India.







We have built a network of agreements with other schemes and local and alternative payment methods around the world, for example China UnionPay, JCB and American Express. We devote significant resources to maintaining these relationships and to ensuring continued compliance with the various operating rules and regulations Worldpay and its customers are subject to, not only with regard to the card schemes but also mandatory technology requirements and other requirements for membership and access.

We work proactively with regulators and, in 2016, our Regulatory and Industry Affairs Group reviewed and assessed EU and UK governmental initiatives to ensure we understood and were able to influence new legislation and requirements. We also continued to build trusted relationships with regulators including the Financial Conduct Authority, the Payment Services Regulator and the Competition and Markets Authority and we seek to respond to mandatory requests for information in a timely and accurate manner.





We are also working closely with regulators and customers on the implications of PSD2 and the details of its implementation. Overall we see an opportunity in PSD2 to help our customers to navigate this new payments landscape.

Our Group key performance indicators

1. Non-financial	2. Non-financial	3. Non-financial
Total transactions (bn)  14% 2016 14.9 2015 13.1 2014 11.5 2013 9.9	Total transaction value (£bn)  12% 2016 451.1 2015 404.2 2014 369.5 2013 343.1	Net revenue % of total transaction value  1 basis pt 2016 0.25 2015 0.24 2014 0.23 2013 0.23
Link to strategic goals 1. Customers 2. Technology and products 3. Markets 4. Business model 5. Acquisitions and investments	Link to strategic goals 1. Customers 2. Technology and products 3. Markets 4. Business model 5. Acquisitions and investments	Link to strategic goals 1. Customers 2. Technology and products 3. Markets 4. Business model 5. Acquisitions and investments
Performance review Performance in 2016 vs target: Achieved  Growth in all operating divisions, particularly Global eCom. See Operating review on pages 47 to 50 for more details.	Performance review Performance in 2016 vs target: Achieved  Growth in all operating divisions, particularly Global eCom. See Operating review on pages 47 to 50 for more details.	Performance review Performance in 2016 vs target: Achieved  Growth in higher margin Global eCom business and WPUK SME business. See Operating review on pages 47 to 50 for more details.
Medium-term target Continued growth, driven by both existing and new customers.	Medium-term target Continued growth, driven by both existing and new customers.	Medium-term target Margins to remain relatively stable over the medium term.
Definition The aggregate number of transactions processed by the Group on behalf of customers as measured by number. This KPI represents the number of discrete contracts the Group has with a given customer on a given transaction, and therefore may count the same transaction more than once, if multiple services are provided by the Group.	Definition The aggregate value of transactions processed by the Group on behalf of customers.	Definition Group net revenue as a proportion of its total transaction value.

4. Non-financial	5. Non-financial	6. Financial
Card Not Present mix (%)  3 ppt 2016 46 2015 43 2014 41 2013 40	Employee engagement  2016 ★ 1 star 2015 ★ 1 star 2014 👁 One to watch	Net revenue (£m)  15% 2016 1,124.2 2015 981.7 2014 863.4 2013 799.2
Link to strategic goals 1. Customers 2. Technology and products 3. Markets 4. Business model	Link to strategic goals 4. Business model	Link to strategic goals 1. Customers 2. Technology and products 3. Markets 4. Business model 5. Acquisitions and investments
Performance review Performance in 2016 vs target: Achieved  Growth in our Global eCom business and in online sales in WPUK.	Performance review Performance in 2016 vs target: Achieved  Continued focus in this area means we have retained our 'one star' rating. Participation rates were up from 72% to 86%.	Performance review Performance in 2016 vs target: Achieved  Growth in all operating divisions as well as some FX benefit on translation of our WPUS results. See Operating review on pages 47 to 50 and Financial review on pages 51 to 57 for more details.
Medium-term target Continue to increasing in the medium term.	Medium-term target Improve further in the medium term.	Medium-term target Growth of 9-11% CAGR over the medium term.
Definition The proportion of the Group's total transaction value represented by 'CNP' transactions in a given period.	Definition Measured via an annual employee survey carried out by Best Company Index which enables benchmarking against other companies.	Definition Revenue less interchange fees and scheme fees.

Our Group key performance indicators
continued

7.	Financial	8.	Financial
Underlying EBITDA (£m)	 15%	Free cash flow (£m)	 £138.5m
2016	467.6	2016	170.9
2015	406.1	2015	32.4
2014	374.7	2014	0.7
2013	345.6	2013	(60.9)
Link to strategic goals		Link to strategic goals	
1. Customers		4. Business model	
2. Technology and products			
3. Markets			
4. Business model			
5. Acquisitions and investments			
Performance review		Performance review	
Performance in 2016 vs target: Achieved 		Performance in 2016 vs target: Achieved 	
Strong net revenue performance and good cost control as well as some FX benefit on translation of our WPUS results.		Strong underlying trading performance and lower separately disclosed items.	
See Operating review on pages 47 to 50 and Financial review on pages 51 to 57 for more details.		See Financial review on pages 51 to 57 for more details.	
Medium-term target EBITDA margin (underlying EBITDA as a percentage of net revenue) to improve over the medium term.		Medium-term target Improve over the medium term.	
Definition Earnings before interest, tax, depreciation and amortisation and separately disclosed items. Separately disclosed items are defined in the Financial review on page 51.		Definition Group adjusted net inflow from operating activities less net capital expenditure and underlying finance costs. Adjusted net cash inflow is defined in the Financial review on page 56.	

Notes:

- Net revenue is as reported in the financial statements.
- Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are discussed in the Financial review on pages 54 and 55. A table showing how underlying EBITDA reconciles to profit before tax is also provided in the Financial review on page 51.
- Free cash flow reflects the net cash flow from operating activities of £318.6m (2015: £337.1m) adjusted to remove the working capital and other movements associated with the IPO (2016: £(21.4)m; 2015: £25.0m) and the tax paid in respect of the CVR holders' 90% share of the taxable gain in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil); less net capital expenditure of £160.8m (2015: £179.0m) and underlying net finance costs paid of £52.4m (2015: £100.7m). A table showing how free cash flow reconciles to the net increase/(decrease) in own cash and cash equivalents is provided in the Financial review on page 56.
- All other Key Performance Indicators are non-financial and are derived from management information.

Principal risks and uncertainties

Risk management

This year has seen a renewed focus on risk management as we have matured as a plc. It also comes at a time of turbulent external conditions which have only heightened the importance of fully understanding and managing the risks inherent in attaining our vision to be the world's most progressive and reliable payments partner, sharing insights and helping our customers prosper.

The Enterprise Risk Management Framework (ERMF) was finalised in 2016 and approved by the Group Risk Committee driving our approach to risk management. The framework sits alongside the Strategic Plan and sets out the activities, tools and techniques used to ensure that all material risks are identified and that a consistent approach is integrated into business management and decision making across the Group.

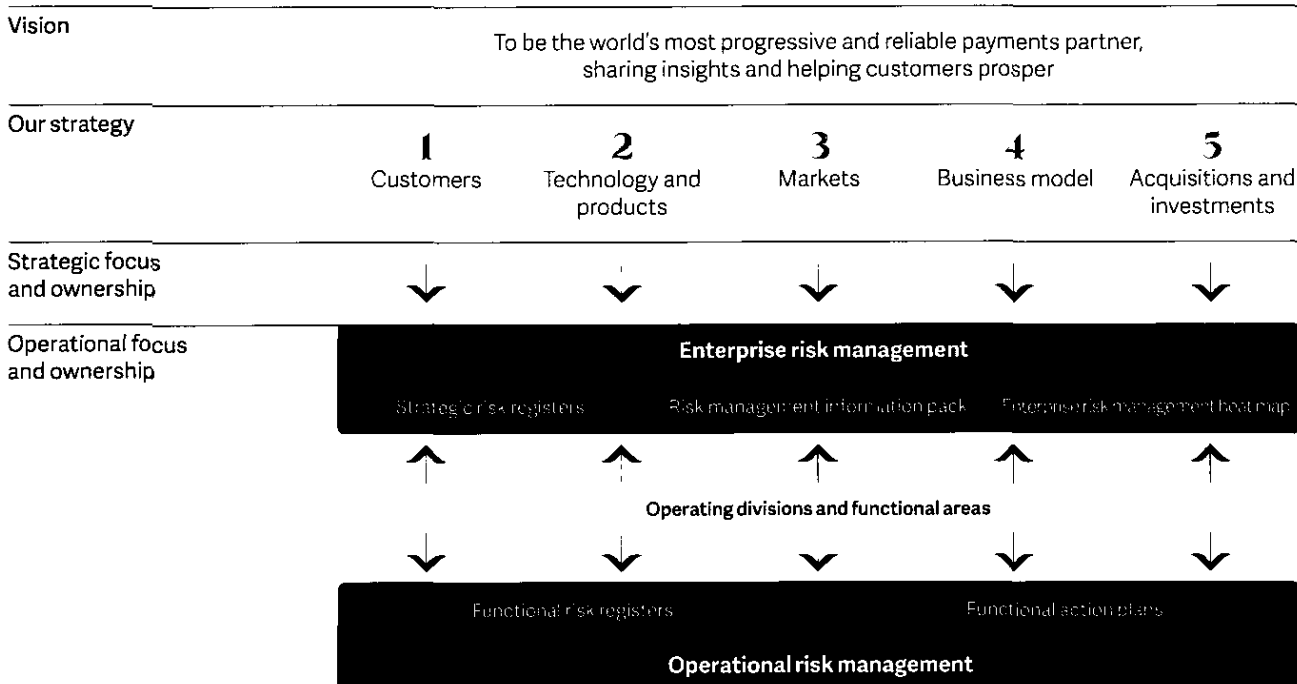
In addition to launching the ERMF, two further key activities were undertaken:

- A full 'top-down' refresh of the Group's principal risks which has been conducted with a view to ensuring the relevance of the risks as threats to the successful attainment of the strategy and to question whether any new risks had or were emerging during 2016. The output of this review, which was conducted with the Group's senior management and approved by the Group Risk Committee, was the creation of two new principal risks: 'People' and 'Competitive landscape'. Details of the principal risks are provided later in this report.
- A refresh of each Business Unit's strategic risks to ensure that the new approach applied at a Group level was consistently adopted and applied throughout the Group. This was conducted with the Business Unit management to ensure there is clarity and understanding on the ERMF but also to give them and the second line of defence the opportunity to reassess and challenge the Business Unit's strategic risks.

We will continue to focus on fully embedding the framework at all levels of the organisation throughout 2017.

The diagram below illustrates our ERMF with the core anchors to the framework being our vision and our strategic pillars.

Enterprise Risk Management Framework



Overview

Strategic report

Directors' report

Financial statements

Shareholder information

Principal risks and uncertainties continued

Risk governance

Whilst the Board of Directors is ultimately responsible for the management and governance of risk across the Group, Worldpay expects every employee to be responsible for the management of risk. To facilitate this, in 2016 Worldpay reaffirmed that the foundation of risk governance is the 'three lines of defence' model which clearly identifies accountabilities and responsibilities for risk as follows:

- Business line management has primary responsibility for the management of risk;
- Risk and compliance functions assist management in developing their approach to fulfil their responsibilities and provide oversight of first line activities; and
- The Internal Audit function checks that the risk management process and the risk management and internal control framework are effective and efficient.

The Board exercises its obligations in managing risk through the Group Risk Committee. The Committee operates under a delegated authority from the Board and is responsible for, among other things, articulating the Group's risk appetite; reviewing the overall risk profile of the Group; providing objective challenge on the risks identified; and assessing the effectiveness of the

control framework. The Committee meets on a quarterly basis and is chaired by Deanna Oppenheimer.

As part of the launch of the ERMF, we took the opportunity to review and repurpose the management of risk at the divisional level. Consequently, each division within Worldpay now operates an Enterprise Risk Management Committee (ERMC) which provides the division's senior management with a forum to review and discuss the risks that may prevent the division from achieving its strategic goals. The output of these meetings rolls up to the Group ERMC, which is chaired by the Chief Financial Officer and comprises members of the Group's senior management. The Group ERMC facilitates the sharing of divisional risk information at a Group level and provides a holistic view of the assurance functions' activities and the operational risk profile of the Group.

Risk culture

Risk culture is the cornerstone of the ERMF. Without an embedded risk culture which is centred around risk awareness, openness, continuous improvement and incentivising correct behaviours we cannot be certain of ensuring the appropriate outcome for both Worldpay and our customers.

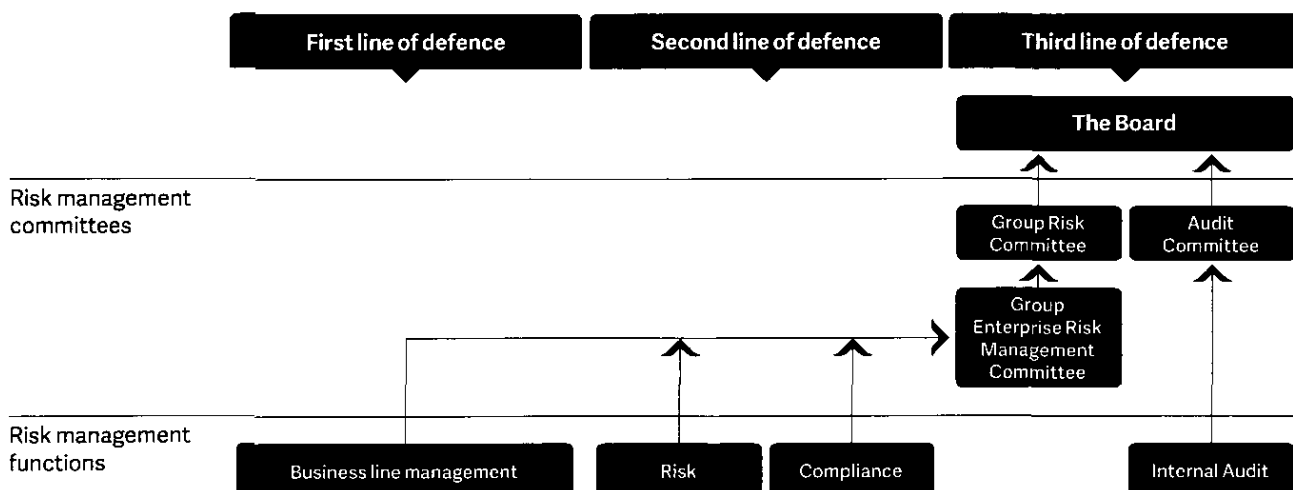
The desired risk culture is articulated through the 'Worldpay Way' in a set of values which have been defined by the Board, supported by the Group Executive and developed in conjunction with our people. The values are the key components by which the appropriate culture and behaviours are embedded throughout Worldpay. The Employee Performance Management Programme within Worldpay ensures that colleague performance is regularly reviewed and assessed against Worldpay's values.

Risk appetite

During 2016, we continued to refine our risk appetite based upon a consolidation of the Risk function's enterprise analysis of current and future risk exposures, with due regard to the most practical and relevant level of appetite, limits and delegated authorities.

We have seven principal risk categories and each has been assigned a qualitative risk appetite statement supplemented by various principal risk metrics. In conjunction with the top-down review of our principal risks, we are in the process of redefining a concise set of strategic risk appetite statements and metrics which are intended to focus the Board's attention on the material risks to our business and assist in assessing business plans, objectives and strategy.

Enterprise Risk Management Framework



Within the seven principal risk categories there are ten principal risks. How each of the principal risks maps to the seven risk categories is shown on the individual risk pages later in this report.

Risk monitoring and reporting

Through the standardisation provided by the ERMF and the new governance approach we have introduced a more integrated view of risk reporting which makes it easier to link to the strategic risks as well as operational and business resilience risks.

The Risk function aggregates and co-ordinates the operational risk information submitted from across the business each month to produce executive level risk reports.






Regardless of whether or not risk reporting is focused at the strategic level or functional level, Worldpay uses the same risk likelihood and impact matrices to quantify and categorise the reporting of risk. This helps to ensure consistency of reporting and helps to remove a

level of subjectivity (accepting that the potential crystallisation of risks is always going to include an element of subjectivity).

It is important to note that the risk registers are not designed to capture all of Worldpay's operational risks, but the key risks across Worldpay, which if not managed appropriately could result in escalation to Executive and Risk Committees (through ERM reporting) and potentially threaten the achievement of corporate objectives.

The diagram below highlights the structure of risk-related information flows at operational and strategic levels. The Chief Risk Officer is the focal point and driver of integrated risk reporting.

Structure of risk-related information flows at operational and strategic levels

	The Board	Consider, review and challenge the risk information presented ensuring that enough detail has been submitted in order to allow sufficient risk-based decision making.
	Group Risk Committee	Consider, review and challenge the risk information presented based on the strategic objectives of the Group and identify which items need to be considered by the Board.
	Group Enterprise Risk Management Committee	Obtain a holistic view of the risk landscape and the various risks across the Group. Challenge the approach and view of these risks to test robustness of the control environment, mitigants and action plans.
	Risk function	Operational Risk receives the risk registers and considers, reviews and challenges the risk and control assessments where appropriate. Operational Risk aggregates the assessments provided in order to produce the committee reporting packs.
	Risk/control owners	Identify and assess risks and report the results of these assessments and associated action plans via the risk registers. The risk registers are submitted to Operational Risk.









Risk overview

Below is a summary of the Group's seven risk categories and the ten principal risks. How each of the principal risks maps to the seven risk categories is shown on the individual risk pages later in this report.

Risk categories:

1. Compliance and regulatory
2. Reputational
3. Liquidity
4. Operational
5. Credit
6. Market
7. Strategic and business

Principal risks:

1. Industry
See page 36 
2. Legal, compliance and regulatory
See page 37 
3. Settlement
See page 38 
4. Credit
See page 39 
5. Data security
See page 40 
6. Technology
See page 41 
7. Scale of change
See page 42 
8. Third parties
See page 43 
9. People **New risk**
See page 44
10. Competitive landscape **New risk**
See page 45

Principal risks and uncertainties
continued

Principal risk 1

Industry

Worldpay's acquiring business model is dependant on licences and the continuing support from the payment franchises such as Visa and Mastercard. Any infringement by Worldpay of the franchise rules and regulations, or the inability to correctly implement mandatory changes, could result in the loss of the card franchise support. This could result in a curtailment of Worldpay's business and/or strategic plans, financial penalties or reputational damage.

Movement in the year:



Risk categories:

- Compliance and regulatory
- Reputational

Risk appetite

Worldpay will always seek to remain current and adhere to all franchise rules unless we are prevented from doing so by our system infrastructure. Where this is the case, Worldpay will apply for specific waivers pending full compliance.

Risk indicators

- Success in influencing industry developments. Lobbying for rule changes to benefit the industry and bespoke models accommodating non-standard business
- Non-compliance assessments from payment franchises when in breach of franchise rules, guidelines and regulations
- Waiver log tolerance – detailing recommendations to the business; payment franchise waivers; interaction with payment franchises confirming arrangements

Potential impacts

- Failure to meet payment franchise requirements for products and services may lead to reputational damage and to financial penalties from the payment franchises
- As a last resort, payment franchises may revoke Worldpay's franchise licence in existing markets or not grant new licences in prospective markets
- Failure to operate franchise licences to required specifications may lead to lower acceptance rates and therefore potential reputational damage and customer impact

Mitigants

- Specific team dedicated to support implementation of payment franchise requirements and central relationship management
- Board level engagement with the card franchises to help engagement and influence the franchise approach
- Internal process to capture, review and implement payment franchise changes
- Regular meetings with payment franchises and attendance at payment franchise forums/training, e.g. the UK Acquirer Forum
- Ongoing monitoring and oversight of our merchants to ensure compliance
- Participation in industry forums

Actions in 2016

- Went live with Worldpay's own franchise licences for Visa and Mastercard in Hong Kong, Singapore and Australia eliminating the need for a sponsor and removing their risk appetite from our operations
- Continued work with the regulators and payment franchises to understand and influence the direction of travel of new legislation and requirements
- Embedded the Regulatory and Industry Affairs Group to review and assess EU and UK governmental initiatives
- Developed a franchise management strategy

Link to:

Our strategy:**Business model**

page 20

Principal risk 2

Legal, compliance and regulatory

Worldpay fails to adhere to legal requirements or fails to design, resource and implement a risk-based regulatory and financial crime compliance programme.

Movement in the year:



In the Compliance and Regulatory landscape, a number of new regulations for the payments industry have been enacted or proposed in 2016 by various regulators around the world. Given the timing and details of their implementation are inherently uncertain, this has resulted in an increase in risk.

Risk categories:

- Compliance and regulatory
- Reputational

Link to:

Our strategy:

Markets
 page 20

Business model
 page 20

Acquisitions and investments
 page 21

Risk appetite

Worldpay has no appetite to knowingly breach the spirit and letter of the laws that apply to us. In areas of uncertainty or ambiguity, we will have a robust justification and clear rationale for the choices we make.

Risk indicators

- Engagement with regulators
- Results of mandatory legal and compliance training
- Number of complaints (General/Ombudsman)
- Compliance monitoring results
- Policy breaches
- Suspicious Activity Reports (SARs) produced and submitted to the National Crime Agency when suspicious activity is detected
- The results of reviews, audits on policy and gambling blacklist monitoring

Potential impacts

- Failure may result in Worldpay or its customers breaching laws, resulting in reputational damage, loss of customers and financial penalties
- Non-compliance may result in loss of business licence
- Worldpay may be used to facilitate financial crime

Mitigants

- ➔ Dedicated Legal and Compliance functions and a network of external advisors who maintain a constant review of current and future legal developments and their potential impacts
- ➔ Policies and procedures implemented and mandatory training for all colleagues on anti-bribery and corruption, competition, data protection, anti-money laundering and sanctions
- ➔ Legal risk appetite heat maps supported by transaction monitoring and blocking of cards from countries where the activity is illegal
- ➔ Regular business meetings incorporating the Legal and Compliance teams to advise on the changes required to address identified risks
- ➔ At Board level, Worldpay actively engages with regulators and Government bodies to support and suggest the direction of future regulatory developments
- ➔ Proactive engagement with regulators and relevant government agencies to educate and support their thinking and policy in the payments industry

Actions in 2016

- ➔ Produced an enhanced Gambling product heat map and extended our external specialist Gambling Counsel alert service
- ➔ Continued to build a trusted relationship with the regulators via regular meetings and the timely and accurate delivery of mandatory information requests

Principal risks and uncertainties
continued

Principal risk 3

Settlement

Failure to settle with merchants due to lack of availability of funds as a result of card scheme or systemic bank failure, or funds not processed correctly, resulting in financial loss (compensation) and severe reputational damage.

Movement in the year:



Risk categories:

- › Liquidity
- › Operational
- › Reputational

Risk appetite

Worldpay has no appetite for the failure to settle with merchants.

Risk indicators

- › Payments and settlements processed outside of service level agreements
- › Average time to resolve investigation queries
- › Number of unreconciled items

Potential impacts

- › Failure or delay to customer payments
- › Severe reputational damage and/or financial loss

Mitigants

- › Undrawn bank facilities in place ready to be utilised in the event of non-receipt of funds from card franchises
- › Card franchise balances are monitored daily to ensure that funds are received and sufficient cash flow is available for us to pay merchants
- › Daily reconciliation of all Worldpay merchant specific bank accounts
- › Daily cash management

Actions in 2016

- › Enhanced monitoring and reporting
- › The US settlement system is in the process of being re-platformed with a complete review of associated controls, processes and reporting

Link to:
Our strategy:

Customers
page 18

Principal risk 4

Credit

Potential loss outside of agreed appetite arising from the failure of a merchant, card franchise, partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

Movement in the year:



Certain external events, for example the EU referendum, have created uncertainty in the UK economic environment. In addition there is increased uncertainty in the global economic environment which may have an impact on the financial performance of Worldpay's customers and lead to increased credit risk.

Risk categories:

→ Credit

Link to:

Our strategy:

Customers
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 page 21

Risk appetite

Worldpay budgets for credit loss on an annual basis, however our risk appetite seeks to optimise a high level of return whilst achieving appropriate risk versus reward performance in line with Worldpay's growth strategy.

Risk indicators

- Customer approval rates
- Movements in the aggregated credit bureau portfolio scores
- The proportion of adverse actions undertaken after a credit investigation has been conducted
- The distribution of the portfolio across the various credit grades
- The financial performance of the Group's top exposures
- Credit Watch List
- Partner bank solvency ratios

Potential impacts

- Increase in credit exposure leading to increase in financial loss
- Rejection of applications leading to a decrease in profitability
- Merchant fails to provide goods or services to their customers leading to an increase in chargebacks that cannot be passed on to a failed merchant, resulting in financial loss

Mitigants

- Each application from a merchant or proposed partnership with a bank or alternative payment provider is risk assessed
- Where approval is not automatic, the case is referred for a secondary review
- A transaction monitoring system equipped with credit-specific rules and models scans each transaction and aggregates merchant behaviour
- A Credit Watch List is used to identify at-risk merchants that may result in financial loss. Monthly review defines action plans to mitigate exposure and potential loss
- Merchant Holding File maintained to assist in delaying/deferring settlement to merchants when there is a risk of loss to Worldpay

Actions in 2016

- The acceptance criteria utilised in our underwriting department has continued to be reviewed and refined throughout the year
- The automated monitoring system rules and models were redesigned in the US to improve the accuracy of alerts. Quarterly service reviews of the system performance were conducted
- Risk mitigation products have been developed and implemented to facilitate the replacement of cash as a primary source of security
- The Worldpay sector risk appetites were reviewed and the stance re-approved

Principal risks and uncertainties continued

Principal risk 5

Data security

Financial loss and reputational damage due to a breach of confidential data or technology disruption caused by internal/external attack on Worldpay or its third-party suppliers/merchants.

Movement in the year:



Risk categories:

- › Operational
- › Reputational

Risk appetite

Worldpay has no tolerance for the loss of, or otherwise unauthorised or accidental disclosure of, customer or other sensitive information.

Risk indicators

- › Number of attempted security breaches
- › Number of actual security breaches
- › Number of breaches to policy
- › Penetration testing results
- › Independent security reviews
- › Ethical hacking results
- › Number of identified security risks outstanding

Potential impacts

- › The loss of confidentiality, integrity or availability of customer or other sensitive information could result in regulatory or legal sanctions and/or significant reputational damage
- › Increased costs for remediation and reduced ability to deliver strategic objectives
- › Additional costs by way of compensation, litigation, fines, loss of sponsorship and loss of productivity as resources are redirected to manage incidents

Mitigants

- › A suite of security tools and processes to ensure that only authorised users and devices have access to Worldpay systems and data
- › Dedicated teams proactively monitor the environment for potential incidents and carry out security investigations
- › Security updates identified and remediated in a timely manner
- › Vulnerability identification and remediation
- › Anti-malware software
- › Distributed Denial of Service (DDoS) protection
- › Supplier security risk assessments
- › PCI compliance programme

Actions in 2016

- ISO certification of key security domains
- › Established an independent Security Advisory Board to review and advise on Worldpay's approach to security
- › Created a bug-bounty scheme which provides financial rewards to individuals identifying system errors or vulnerabilities
- › Enhanced the Company-wide phishing security awareness campaign
- › Improved communication channels with government and law enforcement agencies

Link to:
Our strategy:

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Principal risk 6

Technology

Unscheduled system downtime impacts our service to merchants, causing reputational damage and financial loss.

Movement in the year:



Risk categories:

- Strategic and business
- Operational
- Reputational

Risk appetite

Worldpay is not willing to accept risks which compromise our ability to process merchant transactions.

Risk indicators

- Availability of services
- Number and severity of incidents
- Time to resolve incidents

Potential impacts

- Any disruption to the availability of Worldpay's global payments platform or network could result in interruption of service to customers, loss of business and revenue and significant additional costs by way of contractual damages and operating expenses
- Increased costs for remediation and reduced ability to deliver strategic objectives

Mitigants

- Worldpay operates a full suite of monitoring tools to minimise system downtime
- Dedicated support teams exist to support Worldpay's core systems
- Service-orientated operating models ensures appropriate response and resolution of incidents
- Data centres are paired, providing fail over capability
- Disaster recovery plans are documented and regularly tested

Actions in 2016

- Development and initiation of roll-out of global desktop solution and enterprise collaboration tools
- Expansion of core data centre capacity to support strategic platform growth
- Simplification of core network to improve resilience, reliability and performance
- Consolidation of platforms into core data centres
- Increased redundancy of network links
- Remediation of the High Capacity Gateway (HCG) resulting in a more stable and robust platform

Link to:

Our strategy:

Technology and products
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page 21

Principal risks and uncertainties
 continued

Principal risk 7

Scale of change

The risk of loss of profit, opportunity, reputation or disruption to business activities as a result of our inability to manage the magnitude of change being undertaken.

Movement in the year:



Risk categories:

- Operational

Risk appetite

Worldpay has no appetite for the failure to deliver high-priority projects on time, to budget, to expected quality and in a way that safeguards the wellbeing of the colleagues working on the project.

Risk indicators

- Ratio monitoring of permanent colleagues versus temporary/contractors to ensure key knowledge is retained in the business following implementation of changes
- Monitoring of completion of the new technology platform training to ensure all colleagues have undergone role specific and general training ahead of phased releases
- Tracking of actual cost versus budget costs of projects and on-time delivery
- Number of projects
- Review of the resourcing available to complete projects

Potential impacts

- Failure to deliver high-priority projects impacting customer and/or reputation
- Disruption to normal business activities
- Development of single points of failure
- Increased attrition rates amongst colleagues

Mitigants

- Governance structure in place to manage information and decision making across senior management. This includes local project meetings, steering committees and senior management reporting
- An analysis of the impact on resources of business as usual change requests compared to large technology project plans is conducted to identify resource constraints
- An engagement survey is carried out to identify areas where colleagues are under pressure

Actions in 2016

- Continuing development of Organisational and Readiness dashboards to track the new technology platform project at divisional level and Group level
- Identified key roles
- Timeline and delivery plan established to provide Group with both soft skills training to prepare colleagues for change in addition to specific technical training to manage changes brought about by the delivery of the new technology platform. This is being managed in-house and bolstered by the appointment of an external training partner

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Principal risk 8

Third parties

The risk of loss as a result of reliance on third parties carrying out core business activities.

Movement in the year:



Risk categories:

- Operational
- Compliance and regulatory
- Reputational

Risk appetite

Worldpay is willing to accept the risk of working with third parties for core business activities. However, contracts and relationships with critical suppliers must be well-monitored, value for money and regularly reviewed. In addition, regulatory requirements relating to sourcing must be met.

Risk indicators

- Number of breaches of the Supplier Management Policy
- Performance of core suppliers against agreed service levels
- Issues identified in quarterly service reviews with the business and suppliers

Potential impacts

- Suppliers critical to Worldpay's success are unable to meet the capability and service levels required
- Non-compliance with legal or regulatory requirements relating to supplier management
- Inconsistent and/or undesirable approach to the sourcing and management of key suppliers resulting in poor relationships and poor levels of service

Mitigants

- Dedicated Strategic Supplier Management team maintains oversight of Worldpay's portfolio of suppliers
- The in-house legal team is involved in all contractual discussions and Worldpay establishes legally binding contracts with its suppliers
- When potential 'Important Outsourced Functions/Managed Supply' engagements are identified Regulatory Compliance is engaged
- We regularly monitor performance of core suppliers against agreed service levels

Actions in 2016

- Created a centralised contracts database
- Contracts renegotiated, on service levels and terms and conditions, with strategically significant suppliers
- Engaged Strategic Supplier Management and Procurement in all Worldpay sourcing activity
- Sourcing regulatory requirements identified and communicated
- Supplier Security Risk reviews undertaken by Enterprise Security

Link to:

Our strategy:

Technology and products
 page 19

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Principal risks and uncertainties
continued

Principal risk 9

People

Worldpay fails to sufficiently recruit, retain and develop its people leading to poor colleague engagement and the inability to create a high-performing culture.

Movement in the year:

New risk

Risk categories:

- Strategic and business
- Operational
- Reputational

Risk appetite

We seek to create a great place to work, powered by great people. We balance the costs and risk to ensure that our colleagues are engaged and have the capability to deliver our strategy.

Risk indicators

- Annual attrition rates
- Leavers with less than one year of service
- Colleague engagement scores
- Leadership stability
- Succession cover
- Single point of failure risk
- Internal promotion rates
- Labour cost changes

Potential impacts

- Colleague capability does not meet the needs of the organisation
- Poor culture leading to ineffective performance and inappropriate behaviours
- Low colleague engagement leading to increased attrition
- Unable to retain colleagues and potential loss of key single points of failure

Mitigants

- ➔ Worldpay has established a common set of values and behaviours known as the 'Worldpay Way'
- Candidates are subject to thorough recruitment processes by trained recruiters
- Group annual engagement survey used as a tool to monitor engagement
- Annual mandatory regulatory training for all colleagues
- Leadership training

Actions in 2016

- ➔ Introduction of the Worldpay Academy to provide better access to training and encourage colleague development
- Continued embedding of the 'Worldpay Way' values
- Continuation of the colleague engagement survey
- Introduction of a Save As You Earn scheme for colleagues in the UK and an Employee Stock Purchase Plan for those in the US

Link to:

Our strategy:

Business model

page 20

Principal risk 10

Competitive landscape

The risk that competitors move faster than Worldpay or the industry consolidates, leading to lower margins and loss of customers.

Movement in the year:

New risk

Risk categories:

- Strategic and business
- Market

Risk appetite

We have no appetite to lose our competitive position.

Risk indicators

- Market developments versus Worldpay product offerings
- Developments in the payments industry against the development activities underway in Worldpay
- Customer feedback from sales opportunities on Worldpay offering and positioning
- Market announcements from competitors

Potential impacts

- New players disintermediate Worldpay
- Loss of customers because competitors innovate and develop new enhanced products
- Pricing and margin pressure

Mitigants

- Market Trends and Disintermediation Framework
- Each Business Unit has a dedicated product development team to identify customer needs
- Innovation team evaluates technology trends
- Group and Business Unit M&A strategies

Actions in 2016

- A new Strategy team has been created whose objectives include the monitoring of the payments industry and technology trends

Link to:

Our strategy:

Customers

page 18

Technology and products

page 19

Markets

page 20

Business model

page 20

Acquisitions and investments

page 21

Principal risks and uncertainties continued

UK membership of the European Union

Following the UK's decision to leave the European Union (EU) in June 2016, we have continued to analyse what this could mean for our business. A possible effect on Worldpay continues to be macro-economic disruption, which may impact a proportion of the merchants we serve in the UK and Europe, and therefore our transactional flows. As a significant proportion of the regulatory regime we operate within comes from the EU, an exit may also change the framework applicable to our European operations.

However, given the global nature of our business and our experience working across multiple regulatory regimes, our expectation remains that the UK's exit from the EU will not have a material effect on our business overall. We continue to monitor developments in the ongoing negotiations and potential timings of exit.

In addition to the business impacts noted above, there was a significant movement in foreign exchange rates in 2016 following the referendum in June. The impact of this on the Group's results is explained in more detail in the Financial review on page 55. We expect to see continued volatility in foreign currency exchange rates in the future and the impact of these will continue to be monitored and assessed as appropriate.

Going concern

In considering the going concern basis for preparing the financial statements, the Board has reviewed the Group's trading forecasts for the foreseeable future, a period of not less than 12 months from the date of approval of the Annual Report and Accounts. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by operating division and by month. The forecasts demonstrate the Group's ability to operate within its current borrowing facilities. They also illustrate that the Group has significant covenant and liquidity headroom in its borrowing facilities to support its operations for the foreseeable future.

Notwithstanding the above, however, there remains a risk that a downturn in the economy could result in the Group's sales and profits being worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise, the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Viability statement

In accordance with provision C.2.2 of the 2014 UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to December 2019. This assessment has been made taking account of the current position of the Group, the corporate planning process and the Group's principal risks.

The corporate planning process includes the preparation of the annual budget as well as the Group's longer-term strategic plan. The strategic plan provides medium to long-term direction for the Group and is reviewed on an annual basis. The Directors have determined that a three-year period is the most appropriate period over which to assess the viability of the Group as the majority of contracts with customers are for a period of three years or less. In addition, we operate in fast-growing and dynamic markets which makes it difficult to predict how regulations and technology will evolve beyond a three-year timeframe and what the consequential impact might be on the Group's activities.

As part of the strategic planning process, the Board carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. Ten principal risks have been identified as follows: industry change; legal, compliance and regulatory change; settlement risk; credit risk; data security; technology risk; scale of change; reliance on third parties carrying out core business activities; people risk; and changes in the competitive landscape. These principal risks, together with potential impacts and mitigations, are set out on pages 36 to 45 of the Strategic report. Stress tests have been performed on the financial plan after considering the potential impact of principal risks and uncertainties.

The geographical and sector diversification of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation. Furthermore, our business model is structured so that the Group is not reliant on one particular group of customers or sector. No single customer accounts for more than 3.5% of Group net revenue and our top ten customers account for less than 14% of Group net revenue.

The Directors have concluded, based on the extent of the Group's strategic planning process and its strong financial position, that there is a reasonable expectation that the Group has adequate resources to remain in operation and meet its liabilities as they fall due over the next three years.

Operating review

Worldpay operates in three principal markets – Global eCom, the UK and the US. These markets are described on page 18 of the 'Our strategy' section of the Strategic report.

The financial information presented and discussed in this review is based on underlying financial performance as this is the way that we monitor and assess the performance of each Business Unit. These underlying performance measures are explained in the Financial review on page 51.

In providing commentary on the WPUS trading performance in this review, we make reference to constant currency year-on-year growth. Constant currency has been calculated by applying the Group's current year's average US dollar exchange rate to the US-denominated income in the prior year. In the current year, the US dollar average rate applied was \$1.359 compared with \$1.530 in 2015. Given the significant movement in exchange rates during the year, the Directors believe that including these adjusted growth metrics allows for a more meaningful comparison of the underlying year-on-year trading performance of the US division.

Global eCom

Global eCom focuses on large, internet-led multinationals that operate in fast-growing markets and have complex payment needs. We provide a wide range of payment services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximise the rate at which payments are approved, manage the risk of fraud, and optimise their costs of operating globally.

We focus on five priority verticals: Digital Content, Global Retail, Airlines, Regulated Gambling and Travel. Through this focus, we build our knowledge and expertise of our customers' businesses and the specific needs of their own industry as it relates to payments.

In 2016, we further embedded this approach through the creation of Vertical Growth teams, led by experts that understand the opportunities and challenges of specific industries, and which will deepen our vertical expertise in our functional teams.

We also appointed new Regional General Managers across the division, reflecting the scale and growth of our business. These new roles, spanning five regions, will ensure that we remain highly responsive to the needs of our customers, and that we lead business development, relationship management and implementation in their regions in a globally consistent way.

We further strengthened our market reach and products capabilities in 2016. We entered new markets as a domestic acquirer, gaining licences in Hong Kong, Singapore, and Australia, and further progressing ongoing work on partnerships and licences across Europe, Asia and South America.

We made major upgrades to 20 alternative payment methods (APMs), and we're continuing to add further APMs, and extend our bankout products, which currently support cost-efficient cross-border payments in over 60 countries and 23 currencies.

We are also upgrading our reporting and insight products, and 2017 will see the roll out of the Service Portal, which will give customers a single point of access for our services, and access to world-class analytics and reconciliation tools through Pazien Inc..

Performance review

Global eCom had another strong year of growth in 2016 with transactions up 30% to 5.0 billion. This reflects increased volumes across a range of products and verticals, but most significantly in Global Retail which accounted for almost half of the transaction growth and Digital Content which accounted for almost a quarter of the growth. As a result, average transaction values fell 6% as higher volume, lower value transactions are typically predominant in these two verticals.

Operating review

continued

Net revenue increased by £68.9m, or 22%, to £386.6m in the year ended 31 December 2016 (2015: £317.7m). Growth in the first half of the year was unusually strong, as a result of some non-recurring volumes and foreign exchange business, and we saw a return to more normal levels in the second half. Higher income from treasury management and foreign exchange services¹, net acquiring income², and gateway services income contributed the vast majority of the growth.

Net acquiring income grew by 24% in 2016 as a result of the growth of existing customers, particularly in Digital Content and Global Retail, and new business wins. Revenue from treasury management and foreign exchange services grew by 25% as a result of increased volumes, particularly in the Airlines, Travel and Digital Content verticals. Income from gateway services rose 19%, driven by volume increases, particularly in the Global Retail and Travel verticals. Volume growth was partly offset by lower net revenue per transaction, driven largely by mix of customers.

We also benefited from the translation of non-Sterling trading as a result of the weakening of Sterling. These effects were partly offset by the impact of refunds and lost revenue in relation to an isolated issue that occurred with one of our gateways earlier in the year, which affected settlement for a small number of customers. This issue has now been fully resolved and we announced that we had restored normal processing for new transactions on 24 July 2016.

Global eCom's net revenue as a percentage of total transaction value remained strong at 0.32%, in line with the prior year.

Underlying EBITDA increased by £32.7m, or 18%, to £216.9m (2015: £184.2m). This increase was driven principally by the growth in net revenue noted above. Divisional operating costs increased by 4%, reflecting higher commissions and marketing spend in line with revenue growth, as well as significant improvements in operating efficiency. After technology and head office allocations, operating costs grew by 25% as a result of the investment in organisational capability and technology expertise across the Group.

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	386.6	317.7	22%
Underlying EBITDA (£m)	216.9	184.2	18%
Total transactions (bn)	5.0	3.8	30%
Total transaction value (£bn)	120.9	99.3	22%
Average transaction value (£)	24.3	25.9	(6)%
Net revenue/transaction value (%)	0.32%	0.32%	–

1 Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers in the currency and transfer mechanism of their choosing.

2 Net acquiring income is defined as transaction service charges less interchange and scheme fees. Transaction service charges are payable for services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks.

WPUK

WPUK provides in-store, phone, online and mobile payment acceptance solutions for approximately 300,000 UK and Ireland-based customers, from SMEs to large corporates (including Tesco, Asda and Next).

To strengthen Worldpay's leadership in the UK, our strategy is to evolve from simple payment processing to become an added-value payment services and solutions partner for our merchants, across all of our market segments – SME, Small Corporate and Large Corporate. The strategy has three strands, with core growth being driven by a focus on 'Brilliant Basics' and 'Multi-Service Penetration', while we also seek new growth opportunities from transformational products and services.

The success of 'Brilliant Basics' can be seen in the strong momentum we are seeing in customer retentions and new wins across all segments. Net adds in the year were over four times the level of 2015, driven by our continued focus on increasing lead generation, improving sales conversion, and our work to improve the overall end-to-end efficiency of our sales model. We are also seeing a very positive progression in customer advocacy through the further improvements we are making to customer experience, with net promoter scores ending the year at a record high.

We also continued to make progress on 'Multi-Service Penetration'. We increased the uptake of multiple products and services across our customer base, and made further advances in ecommerce/ card not present product penetration, for example, with over 45% of new SME customers taking an ecommerce product from us. We also delivered further growth in Worldpay Business Finance, with around £10m of advances made so far, in partnership with Liberis.

In terms of transformational products, we now have approximately 90,000 SME customers using My Business Dashboard, over four times the number this time last year, and are receiving positive feedback from merchants using My Business Hub, which we intend to scale further in 2017. We are also seeing strong momentum among larger merchants with the roll-out of Worldpay Total, our integrated, omni-channel solution for corporate customers.

Performance review

WPUK performed well in 2016 with transactions up 7% to 5.8 billion, driven by new customer wins and strong cross-sales and retention in both the Corporate and SME sectors, as well as continuing growth in the use of cards as a payment mechanism. Total transaction value increased by only 3%, however, as average transaction values continued to fall (down 4%) largely reflecting UK retail price deflation, particularly in the grocery sector (where Worldpay has a high market share), and the continued increase in the use of contactless card payments for small-value transactions.

Net revenue increased by £33.4m, or 8%, to £438.6m (2015: £405.2m), with net acquiring income accounting for the majority of the increase. Net acquiring income grew by 17% and Gateway income by 14%, reflecting the impact of strong customer acquisition and cross-sales, as well as a net positive impact of lower interchange costs on the acquiring margin in the first half of the year. We saw strong transformational product income growth but also made changes to our product offering which introduced new pricing tariffs for our SME customers and removed some of our statement and management fee income. As a result, ancillary income¹ declined by 5%.

WPUK's net revenue as a percentage of total transaction value increased slightly to 0.21% from 0.20% in the prior year, largely reflecting the timing of re-pricing and faster growth in our higher margin SME channel.

Underlying EBITDA increased by £19.1m, or 11%, to £198.3m (2015: £179.2m). This improvement was driven by the growth in net revenue noted above and strong cost control. Divisional operating costs increased by only 2%, despite an increase in bad debts, reflecting significant improvements in operating efficiency. After technology and head office allocations, operating costs grew by 6% as a result of the investment in organisational capability and technology expertise across the Group.

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	438.6	405.2	8%
Underlying EBITDA (£m)	198.3	179.2	11%
Total transactions (bn)	5.8	5.4	7%
Total transaction value (£bn)	209.0	202.8	3%
Average transaction value (£)	36.2	37.5	(4)%
Net revenue/transaction value (%)	0.21%	0.20%	1 bp

¹ Ancillary income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only.

Operating review
continued

WPUS

WPUS provides in-store, online and mobile payment acceptance solutions for US-based customers, with a focus on delivering omni-channel and integrated payment solutions for over 100,000 SME customers, and vertical-specific solutions for approximately 15,000 enterprise customers in the Grocery, Petroleum, Restaurant and Retail industries. In addition, WPUS provides ATM services to a number of organisations across the US.

In 2016, we made good progress on operational execution. We've brought together all our Atlanta-based teams under one roof, driving an improved performance culture, and we have stood up the new US data centre. Over the course of the year, we also delivered core EMV functionality for multiple verticals, and in October we were pleased to launch Worldpay Total, using the SecureNet technology. It offers functionality specific to the American market including a user-friendly developer centre, fast EMV acceptance, and a flexible payments hub making it easy and fast to add new features and services as payment needs evolve. This will be further rolled out in 2017.

However, more work remains to be done on executing our strategy for the US to deliver integrated, omni-channel solutions to our focus markets of Small Business and Corporate Business.

For Small Business, our focus is on improving lead generation and revitalising sales team execution, while improving the customer experience through more automation, and delivering further product development, including mobile functionality. In addition, we expect the revitalisation of our Strategic Partnership channel to help grow our small business franchise through a more attractive omni-channel offer and improved partner-friendly payment functionality through Worldpay Total.

For Corporate Business, we will build on our historic success by further embedding our verticalised approach around new segments in addition to the core grocery, restaurant, petrol and retail segments. We will do this through additional vertical teams and expertise as well as improving our product offering through Worldpay Total and other selected partnerships.

Performance review

While performance in WPUS in 2016 has been subdued, we continue to see signs that the investment and the actions we are taking to turn around this business are proving successful. Transactions were up 7% to 4.2 billion, driven by increased volumes in both our Small (+7%) and Corporate Business (+9%) segments, partly offset by continued decline in our ATM business (-4%). Total transaction value was up 5% reflecting the lower average transaction value in

our Corporate Business segment, notably in the Petroleum sector which was impacted by continued low oil prices.

Net revenue increased by £40.2m, or 16%, to £299.0m (2015: £258.8m). On a constant currency basis, the increase was 2% and was driven principally by growth in acquiring transaction volumes, offset by the decrease in average transaction value and an increase in scheme fees which we were not able to fully pass on to customers.

Net revenue as a percentage of total transaction value decreased slightly in the year ended 31 December 2016, largely reflecting strong growth in our lower margin Corporate Business segment.

Underlying EBITDA increased by £15.1m, or 24%, to £77.4m in the year ended 31 December 2016 (2015: £62.3m). On a constant currency basis, the increase was 9%. Operating costs (on a constant currency basis) were broadly flat, as controlled spend on commissions and third-party payables were offset by an increase in rent following the office and data centre moves in the year. We expect operating costs to increase in 2017 as we continue to invest in the expertise and technology we require to drive this business forward.

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	299.0	258.8	16%
Underlying EBITDA (£m)	77.4	62.3	24%
Net revenue (\$m)	403.9	396.0	2%
Underlying EBITDA (\$m)	104.5	96.0	9%
Total transactions (bn) ¹	4.2	3.9	7%
Total transaction value (\$bn) ¹	163.9	156.2	5%
Average transaction value (\$) ¹	39.5	40.4	(2)%
Net revenue/transaction value (%) ¹	0.25%	0.25%	–

¹ 2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting. This impacts Group and WPUS segmental KPIs.

Financial review

The information presented and discussed in this section includes a number of measures that are not defined or recognised under IFRS including net revenue, underlying EBITDA, underlying earnings per share and free cash flow. These are considered to be key measures of the Group's financial performance and as such have been included here to aid comparability and enhance usefulness.

Net revenue, defined as revenue less interchange and scheme fees, is presented and discussed in this section as the Directors believe that this best reflects the relationship between revenue and profitability. Underlying EBITDA, being earnings before interest, tax, depreciation and amortisation, excluding separately disclosed items, is considered by the Directors to give a fairer view of the year-on-year comparison of underlying trading performance. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. These are explained further later in this section.

Underlying earnings per share is calculated by taking profit for the year before separately disclosed items, divided by the weighted average number of shares in issue during the year. For the prior year, the number of shares in issue at the end of 2015 (2 billion) has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability.

Free cash flow represents the Group's net cash inflow from operating activities less net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO and any cash received and tax payments made in respect of the Contingent Value Rights (CVR) holders' 90% share of the taxable gain in relation to the Visa Europe transaction. The Directors believe that free cash flow provides a better reflection of the underlying, recurring cash being generated by and used in the business to deliver the Group strategy.

Income statement

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
Revenue	4,540.8	3,963.0	577.8
Interchange and scheme fees	(3,416.6)	(2,981.3)	(435.3)
Net revenue	1,124.2	981.7	142.5
Gross profit	985.2	860.4	124.8
Underlying EBITDA	467.6	406.1	61.5
<i>Underlying EBITDA margin¹</i>	<i>41.6%</i>	41.4%	20bps
Underlying depreciation and amortisation	(78.4)	(65.6)	(12.8)
Underlying finance costs	(60.3)	(151.2)	90.9
Share of results of joint venture and associate	(1.5)	(1.2)	(0.3)
Underlying profit before tax	327.4	188.1	139.3
Separately disclosed items:			
- affecting EBITDA	(62.4)	(103.7)	41.3
- affecting depreciation and amortisation	(50.3)	(69.9)	19.6
- affecting finance income/(costs)	49.4	4.6	44.8
	(63.3)	(169.0)	105.7
Profit before tax	264.1	19.1	245.0
Tax charge on underlying profit	(82.1)	(49.7)	(32.4)
Tax (charge)/credit on separately disclosed items	(50.5)	0.8	(51.3)
Profit/(loss) for the year	131.5	(29.8)	161.3
Earnings/(loss) per share			
Underlying diluted EPS (p)	12.3p	6.9p	5.4p
Reported diluted EPS (p)	6.6p	(1.8)p	8.4p

¹ Underlying EBITDA margin is calculated by dividing underlying EBITDA by net revenue.

Group performance metrics

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Total transactions (bn) ¹	14.9	13.1	14%
Total transaction value (£bn) ¹	451.1	404.2	12%
Average transaction value (£) ¹	30.3	30.9	(2)%
Net revenue/transaction value (%) ¹	0.25%	0.24%	1bp

¹ 2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting.

Financial review
continued

In providing commentary on the Group's trading performance in this section, we make reference to constant currency year-on-year growth in a number of places. Constant currency has been calculated by applying the Group's current year's average US dollar exchange rate to the US-denominated income in the prior year. In the current year, the US dollar average rate applied was \$1.359 compared with \$1.530 in 2015. Given the significant movement in exchange rates during the year, the Directors believe that including these adjusted growth metrics allows for a more meaningful comparison of the underlying year-on-year trading performance of the Group and the US division.

Revenue

Revenue of £4,540.8m (2015: £3,963.0m) was £577.8m, or 15%, higher than in the prior year. This reflected a 12% increase in total transaction value driven by a 14% increase in total transactions, partly offset by a 2% fall in average transaction value. The year-on-year increase also benefited from foreign currency translation on our WPUS revenue of £248.7m.

Net revenue

Net revenue increased by £142.5m, or 15%, to £1,124.2m (2015: £981.7m) and net revenue as a percentage of total transaction value increased by one basis point to 0.25%. On a constant currency basis, the growth was 11% and reflects a 22% increase in our Global eCom business, an 8% increase in WPUK and a 2% increase in WPUS.

The increase in Global eCom reflects strong growth across a number of products, especially net acquiring income and treasury management and foreign exchange services. We also benefited from the translation of non-Sterling trading as a result of the weakening of Sterling. Transaction volumes increased by 30%, which was higher than expected due to the unusually strong performance in the first half and the benefit of some non-recurring items. Volumes were particularly strong in our Digital Content

vertical where transaction values are typically lower. As a result, the average transaction value fell by 6% but net revenue as a percentage of transaction value remained strong at 0.32%.

In WPUK, strong customer acquisition and cross-sales, particularly in SME and Small Corporate, as well as continuing growth in the use of cards as a payment mechanism, led to a 7% increase in transaction volumes. Total transaction value grew by 3%, reflecting the increase in the use of contactless payments for lower value purchases and the continued retail price deflation. Net revenue as a percentage of total transaction value increased by one basis point to 0.21%, benefiting from increased cross-sales of transformational products and services, and, in the first half, the effect of lower interchange costs on the acquiring margin.

In WPUS, the 2% underlying growth was driven principally by acquiring volume growth, reflecting an increase in transaction volumes in both the Small and Corporate Business segments. Transaction volumes were up 7%, principally driven by growth in the Corporate Business segment where margins are typically lower than in the Small Business Unit. Continued downward pressure on petrol prices led to a decline in average transaction values of 2%.

Further detail on the segmental breakdown of net revenue is provided in the Operating review on pages 47 to 50.

Gross profit

Gross profit increased by £124.8m, or 15%, to £985.2m (2015: £860.4m). On a constant currency basis, the growth was 11% and reflects a 21% increase in our Global eCom business, an 8% increase in WPUK and a 3% increase in WPUS.

The increase in Global eCom and WPUK was driven by the net revenue improvements noted earlier. In WPUS, lower commission payments resulted in a slight improvement in the gross profit growth rate compared to the net revenue growth rate.

Underlying personnel and net operating expenses

Underlying personnel and net operating expenses increased by £63.3m, or 14%, to £517.6m (2015: £454.3m). On a constant currency basis, the increase was 10%, and reflected both higher staff and non-staff costs.

The average number of employees increased to 5,095 from 4,982 in the prior year. The increase was largely driven by recruitment in the latter half of 2015 to enhance capabilities in sales, marketing and lead generation, product development and product management. In addition, there was further investment in 2016 in technology expertise and data analytics to support the ambitious growth plans of the Group, and in central functions to support listed company requirements. Bonus costs also increased reflecting the higher headcount and the outperformance against targets.

Non-staff cost increases included higher rent costs following the move to a new WPUS office and data centre in Atlanta; increased security spend; higher advertising costs reflecting the growth in sales; and additional costs in Corporate Business as a result of becoming a listed company. In addition, bad debt expenses increased by £5.3m to £20.8m, partly reflecting the increased transaction volumes and partly as a result of a specific provision for chargebacks in relation to a car hire company which went into administration in January 2017.

Underlying EBITDA

Underlying EBITDA increased by £61.5m, or 15%, to £467.6m (2015: £406.1m). On a constant currency basis, the growth was 13%, reflecting an 18% increase in Global eCom, an 11% increase in WPUK, a 9% increase in WPUS, and a 28% increase in Corporate costs. Underlying EBITDA as a percentage of net revenue was 41.6% compared with 41.4% in the prior year.

Further detail on the segmental breakdown of underlying EBITDA is provided in the Operating review on pages 47 to 50.

Underlying depreciation and amortisation

Underlying depreciation and amortisation increased by £12.8m, or 20%, to £78.4m (2015: £65.6m). On a constant currency basis, the increase was 16%. This increase reflects higher levels of capital expenditure (excluding expenditure on our new acquiring platform). At 31 December 2016, the total amount recorded in intangible assets under construction in relation to our new acquiring platform was £291.5m (31 December 2015: £235.3m). Amortisation on our new acquiring platform has been low to date. However, as the assets become available for use, this will lead to a substantial increase in the underlying depreciation and amortisation charge. Once in use, these assets will be depreciated over 10 years.

Underlying finance costs

Underlying finance costs at £60.3m (2015: £151.2m) were £90.9m lower than the prior year. The substantial decrease reflects the benefit from the change in the Group's capital structure following the IPO in October 2015. The average cost of debt was 3.1%.

Disposal of interest in Visa Europe

On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m. The consideration was made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the €547.5m of up-front cash consideration.

The holders of the CVRs (a separate class of shares in the Company) are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds.

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal, it has been derecognised from the Group's balance sheet and the elements of consideration and the potential losses related to the interchange litigation set out above, recognised along with the corresponding tax liabilities. The CVR liabilities have also been revalued to reflect the impact of the transaction.

The initial gain on the disposal of the Visa Europe shares of £207.0m (2015: share revaluation gain of £195.7m) together with related fair value and FX gains and dividends received on the preference shares and cash received of £64.6m (2015: nil) has been recognised in finance income in the Group's income statement as a separately disclosed item. These have been partly offset by a loss on revaluation of the related CVR liabilities of £161.7m (2015: £140.9m). Tax on the above gain was £91.9m. The cumulative post-tax gain attributable to the shareholders of Worldpay is £33.6m, of which £18.0m was recognised in 2016 and £15.6m in 2015.

A table showing the balance sheet and income statement impact of the transaction is provided in Note 5i to the financial statements.

Following the disposal, Worldpay continues to be a participant in the Visa payments system but will no longer be entitled to receive certain rebates that are determined by reference to the volume of transactions Worldpay processes through the scheme.

Financial review
continued

Separately disclosed items

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
Affecting EBITDA			
Separation – platform costs	(30.2)	(33.3)	3.1
Separation – other costs	(17.5)	(20.1)	2.6
Costs of IPO	(4.9)	(35.0)	30.1
Reorganisation and restructuring costs	(6.0)	(6.4)	0.4
Other costs	(3.8)	(8.9)	5.1
Total affecting EBITDA	(62.4)	(103.7)	41.3
Affecting depreciation and amortisation			
Amortisation of business combination intangibles and impairment of other intangibles	(50.3)	(69.9)	19.6
Total affecting depreciation and amortisation	(50.3)	(69.9)	19.6
Affecting finance income/(costs)			
Finance income – Visa Europe	271.6	195.7	75.9
Finance costs – CVR liabilities	(161.7)	(140.9)	(20.8)
Foreign exchange losses	(60.5)	(5.5)	(55.0)
Costs associated with refinancing	–	(44.7)	44.7
Total affecting finance income/(costs)	49.4	4.6	44.8
Total (pre-tax)	(63.3)	(169.0)	105.7
Tax (charge)/credit	(50.5)	0.8	(51.3)
Total (post-tax)	(113.8)	(168.2)	54.4

Separately disclosed items are costs or income that have been recognised in the year which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

Platform-related separation costs of £30.2m (2015: £33.3m) are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally staff and maintenance costs and decommissioning costs payable to RBS. Total costs incurred to 31 December 2016 on the new acquiring platform programme are £541.5m (2015: £449.8m), of which £352.0m (2015: £289.4m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement through separately disclosed items.

Other costs related to the separation from RBS of £17.5m (2015: £20.1m) principally relate to the costs of interim staff required to test and double-run systems as we ramp up to full platform launch.

The costs of IPO of £4.9m (2015: £35.0m) largely comprise the costs of the one-off share awards granted to management as part of the IPO as well as costs which have been levied on Worldpay as a result of a change of control clause triggered by the IPO.

Reorganisation and restructuring costs of £6.0m (2015: £6.4m) are largely costs incurred in the turnaround of our WPUS business. These include consultancy fees, redundancy costs and other staff-related costs.

Other costs of £3.8m (2015: £8.9m) include the costs associated with a long-standing litigation claim together with costs incurred on aborted M&A activity.

Separately disclosed items affecting depreciation and amortisation amounted to £50.3m (2015: £69.9m). These predominantly relate to the non-cash charge for amortisation of business combination intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions. The reduction reflects the fact that some assets recognised as part of the divestment from RBS were fully amortised at the end of 2015. In addition, the 2015 charge included £2.0m for the impairment of software development costs in WPUS.

There was a net gain in the year in relation to separately disclosed items affecting finance income/(costs) of £49.4m (2015: gain of £4.6m). This comprised a gain on the disposal of the Visa Europe shares of £207.0m (2015: share valuation gain of £195.7m), together with subsequent related fair value and FX gains, dividends received on the preference shares, and cash received which together amounted to £64.6m (2015: nil), partly offset by a loss on valuation of the related CVR liabilities of £161.7m (2015: £140.9m). There was also a net FX loss of £60.5m (2015: loss of £5.5m) resulting from the period-end translation of the Group's assets and liabilities denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal). Whilst we expect to see non-cash gains and losses as a result of exchange rate movements, this was substantially larger than expected as a result of the significant depreciation of Sterling following the UK's decision, on 23 June 2016, to leave the European Union and therefore has been reported within separately disclosed items.

We expect separately disclosed items affecting EBITDA to reduce to approximately £40m-£50m in 2017 and be around £10m-£20m in 2018, as the new acquiring platform becomes fully operational. We expect to see continued volatility in separately disclosed items affecting finance income/(costs) in respect of the Visa Europe transaction (as the consideration received is denominated in euros and US dollars and will be revalued at each balance sheet date) and foreign exchange-related gains and losses to the extent that they are material and require separate disclosure.

Profit before tax

Profit before tax was £264.1m (2015: £19.1m). The improvement reflects the strong underlying trading performance, together with a reduction in underlying finance costs and the net gain in relation to the disposal of Visa Europe, partly offset by the foreign exchange losses.

Tax

The tax charge on underlying results for the Group increased by £32.4m, or 65%, to a charge of £82.1m in the year ended 31 December 2016 (2015: £49.7m), representing both current tax and deferred tax charges. The underlying tax charge was driven principally by taxable profits arising in the UK, the US and the Netherlands, partly offset by utilisation of brought forward taxable losses in the US.

The charge reflects an effective tax rate on underlying results of 25.1%, which is higher than the UK headline rate for the year of 20.0% primarily due to profits in overseas territories with higher taxation rates, along with non-deductible costs.

The tax charge of £50.5m (2015: credit of £0.8m) arising on separately disclosed items includes a tax charge of £91.9m relating to the disposal of the interest in Visa Europe. This is relatively high as no deferred tax asset has been recognised on the estimated liability under the LSA in excess of that which has been offset against the Visa Inc. preference shares.

After including separately disclosed items, the Group's total tax charge increased by £83.7m to £132.6m in the year ended 31 December 2016 (2015: £48.9m), inclusive of the tax on the disposal of Visa Europe.

Earnings per share and dividends

Diluted underlying earnings per share was 12.3p (2015: 6.9p), an increase of 78% on the prior year earnings per share. Underlying earnings per share is calculated by taking the profit for the year before separately disclosed items, divided by the weighted average number of shares in issue during the year. For the prior year, the number of shares in issue at the end of 2015 (2 billion) has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability.

On a reported basis, the diluted earnings per share for 2016 was 6.6p compared with a loss per share in the prior year of 1.8p.

The Group's dividend policy is based on a pay-out ratio of 20% to 30% of reported profit after tax per annum, with approximately one-third of any annual dividend to be paid in respect of the first half and two-thirds in respect of the second half.

Financial review
continued

The Board is recommending the payment of a final dividend in relation to the year ended 31 December 2016 of 1.35p per ordinary share which, together with the interim dividend paid of 0.65p, brings the total dividend in respect of the year to 2.00p. The final dividend will be recommended for shareholder approval at the Company's Annual General Meeting on 10 May 2017 and, subject to approval, is expected to be paid on 27 June 2017 to those shareholders on the register on 26 May 2017.

In calculating the dividend, the profit after tax for the full year has been adjusted to exclude the gain on the disposal of our Visa Europe asset and related fair value and FX gains and dividends received on the preference shares and cash received; the loss on the related CVR liabilities; and the FX gains and losses arising on the revaluation of our non-Sterling denominated debt and assets. The gains and losses relating to Visa Europe have been excluded to be consistent with our treatment in relation to the distribution of proceeds to the CVR holders. The FX gains and losses have been excluded as these reflect material non-cash movements which are outside of our control. We expect to continue to exclude any future material gains or losses in relation to these items from future dividend calculations.

Cash flow

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
Underlying EBITDA	467.6	406.1	61.5
Separately disclosed items affecting EBITDA ¹	(64.8)	(103.7)	38.9
Working capital ²	5.5	29.2	(23.7)
Tax paid ³	(29.7)	(8.6)	(21.1)
Non-cash items	5.5	(10.9)	16.4
Adjusted net cash inflow from operating activities⁴	384.1	312.1	72.0
Capital expenditure	(160.8)	(179.0)	18.2
Underlying finance costs paid	(52.4)	(100.7)	48.3
Free cash flow⁵	170.9	32.4	138.5
Acquisitions	(4.1)	(16.6)	12.5
Underlying movement in borrowings	(42.2)	(59.1)	16.9
Dividends paid	(12.9)	–	(12.9)
Purchase of own shares	(6.9)	–	(6.9)
Net impact of IPO and refinancing	(21.4)	37.7	(59.1)
Own cash from disposal of Visa Europe	45.3	–	45.3
CVR-related cash from disposal of Visa Europe (net of tax paid)	363.4	–	363.4
Net increase/(decrease) in cash and cash equivalents	492.1	(5.6)	497.7

1 Separately disclosed items shown here exclude accrual releases associated with the IPO (2016: £2.4m; 2015: nil).

2 Working capital shown here excludes any movements associated with the IPO (2016: £(23.8)m; 2015: £25.0m).

3 Tax paid shown here excludes the tax paid in respect of the CVR holders' 90% share of the taxable gain in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil).

4 Adjusted net cash inflow from operating activities excludes the working capital and other movements associated with the IPO (2016: £(21.4)m; 2015: £25.0m) and the tax paid in respect of the CVR holders in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil).

5 Free cash flow represents the Group's adjusted net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs.

The adjusted net cash inflow from operating activities increased by £72.0m, or 23%, to £384.1m (2015: £312.1m). The increase largely reflects improvements to underlying trading and a reduction in separately disclosed items.

The working capital inflow of £5.5m (2015: £29.2m) largely reflects the timing of receipts and payments around the year end together with an increase in payroll-related accruals. The reduction year-on-year reflects the growth in the business.

Tax paid of £29.7m (2015: £8.6m) represents payments on account in the UK of £30.9m (of which £4.6m relates to the tax paid in relation to our share of the proceeds on disposal of Visa Europe), in the Netherlands of £3.4m and in other territories of £0.3m; offset by tax refunds received in the US of £4.9m relating to the prior year.

Expenditure on tangible fixed assets and software was £160.8m (2015: £179.0m). This includes the ongoing investment in software and licences for our new acquiring platform; the costs associated with our data centre relocation in WPUS and with enhancing data security; and the purchase of new terminals and spend to develop a number of new customer propositions and improve our data analytics capability to support the growth plans of our operating divisions. The cash capital expenditure of £160.8m is lower than guidance previously given due to the timing of payments and commitments. We expect cash capital expenditure for 2016 and 2017 combined to be between £340m and £360m as previously indicated, and to reduce to approximately 10% of net revenue in 2018.

Underlying finance costs paid were £52.4m (2015: £100.7m). The decrease reflects the reduction in net debt following the reduction of borrowings as a result of the IPO in October 2015.

As a result of the above movements, free cash flow increased to £170.9m in 2016 (2015: £32.4m).

Expenditure on acquisitions in the year of £4.1m (2015: £16.6m) reflects further investments in Pazien Inc. and Blue Star Sports Holdings, Inc. (formerly known as SPay, Inc.) and deferred consideration payments in respect of the acquisitions of Century Payments Holdings, Inc. and Cobre Bem Tecnologia.

The underlying movement in borrowings of £42.2m outflow (2015: outflow of £59.1m) included the repayment, in the first half of 2016, of £40.0m that had been drawn under the Group's revolving credit facility (RCF) in 2015.

In October 2016, dividends totalling £12.9m (2015: nil) were paid to shareholders reflecting the interim dividend of 0.65p per ordinary share. Also in the year, £6.9m was spent on purchasing own shares to hedge potential obligations to deliver shares under the Group's long-term incentive plan which was introduced earlier in the year.

The net cash outflow in relation to IPO costs of £21.4m (2015: inflow of £37.7m) represents the payment of fees which were incurred in the prior year.

Following the disposal of our share in Visa Europe on 21 June 2016, we received £452.8m of cash, of which £407.5m was received in relation to the CVR holders' 90% share of the taxable gain on disposal, leaving £45.3m available for use within Worldpay. During the period from disposal until 31 December 2016, £44.1m of tax was paid in relation to the transaction in respect of the CVR holders' share, resulting in a CVR-related net cash flow of £363.4m.

Net debt at 31 December 2016 (excluding the cash held in respect of the CVR holders) was £1,368.0m (2015: £1,425.3m), representing 2.93 times underlying EBITDA (2015: 3.51 times). The reduction reflects the net cash inflow in the year offset by the impact of foreign exchange on net borrowings.

Chairman's governance letter

“

We have delivered against our commitment to apply the highest standards of governance.

”

Sir Michael Rake
Chairman

Governance

Last year, we made solid progress and delivered against our commitment to apply the highest standards of governance, meeting the standards rightly expected by our shareholders and other stakeholders, and achieving full compliance against the UK Corporate Governance Code.

The welcome appointments during the year of Deanna Oppenheimer and Karen Richardson as independent Non-Executive Directors (NEDs) not only strengthened our Board and Committees with their extensive skills and experience, but ensured we achieved an appropriate balance of independence and a marked improvement to our diversity. In addition to our standard induction process for our new Directors, we also held a series of development and strategy support presentations for the entire Board to ensure each of us built our knowledge of the industry and the strategic challenges and opportunities we face.

We also developed the programme of work for each of the Board's Committees, ensuring each added real value to the work of the Board. Of particular note is the work, driven by Philip Jansen and his Executive Team and overseen by our Group Risk and Audit Committees, to strengthen our three lines of defence control environment with the enhancement of our Group Internal Audit function and the development and roll-out of a new Operational Risk Framework. Also, our Nomination Committee has reviewed the development of management talent and succession planning. A series of meetings between the NEDs and high potential talent across the Group has been organised for 2017.

We recognise the value of a positive culture within the organisation and this is supported, and fully endorsed by Philip and his Executive Team, by a set of everyday working principles and behaviours within the Worldpay Way. The Board fully supports the comprehensive development opportunities to drive our capabilities, including a fully accredited Master's programme and specific training programmes to reinforce

our legal and regulatory compliance standards. Participation in these training programmes and the output from our annual colleague survey is reviewed by the Executive Team and the Board to ensure we maintain a positive culture across the organisation.

Towards the end of 2016, we conducted our first Board and Committee evaluation, which confirmed a positive transition following our IPO and an appropriate focus by the Board on the key strategic and operational matters facing the Group. The evaluation gave the Board the opportunity to reflect on our activities throughout the period since the IPO and agree a series of actions for further improvement.

Engagement with our shareholders

We place great importance on regular engagement with investors and other market participants; and, throughout the year, a comprehensive and active programme of meetings to discuss our strategy and performance was conducted by our Executive Directors. Our brokers and investor relations team presented to the Board in 2016 to report investor perceptions and expectations. In addition to the regular dialogue on governance matters carried out by our Group Company Secretary, I also welcome direct dialogue with investors who wish to deepen their relationship with the Company in order to gain a first hand understanding of their views.

We look forward to engaging with you in 2017 and beyond and look forward to your support at our Annual General Meeting on 10 May 2017.

Further details of our governance and remuneration arrangements are detailed on pages 65 to 99.

Sir Michael Rake
Chairman
7 March 2017

The Board

The Board

The Board is chaired by Non-Executive Chairman, Sir Michael Rake. In addition to the Chairman, the Board currently includes three Executive Directors and four Independent Non-Executive Directors. Each of the Committees of the Board is chaired by an Independent Non-Executive Director, other than the Nomination Committee, which is chaired by the Chairman.

Worldpay appreciates the importance of having a Board of Directors containing the right balance of skills, experience and diversity. The skills and experience of the current Directors and the value they bring to Worldpay are described here.

Key:

- RM** Remuneration Committee
A Audit Committee
N Nomination Committee
R Group Risk Committee
E Executive Team

Executive Directors

Sir Michael Rake (69) Chairman

N Chair

Appointed to Worldpay Group:
September 2015

Independent:
n/a

Key strengths:

- Extensive financial and commercial expertise in capital markets, technology and digital products
- Detailed knowledge of risk assessment and corporate governance
- Proven ability in delivering shareholder value

Current external commitments:

Chairman of BT Group plc and Majid Al Futtaim Holdings LLC; Director of S&P Global and Andes Energia plc. Chairman of the International Chamber of Commerce UK operations; Chairman of the Advisory Council of A Blueprint for Better Business; Honorary Vice President of the RNIB; Board member of the TransAtlantic Business Council; Advisor to ENGIE in the UK and Teneo Holdings LLC.

Previous roles:

President of the CBI; Member of the Prime Minister's Business Advisory Group; Non-Executive Deputy Chairman of Barclays plc; Chairman of The Guidelines Monitoring Group; Chairman of easyJet plc; International Chairman of KPMG; Chairman of the UK Commission for Employment and Skills; Director of the Financial Reporting Council; Chairman of Business in the Community; Member of the National Security Forum; Board Member of the Prince of Wales's Charitable Foundation.

Philip Jansen (50) Chief Executive Officer

E Member

Appointed to Worldpay Group:
April 2013

Independent:
No

Key strengths:

- Significant executive management experience developed across different cultures and industries
- Strong leadership capabilities and strategy execution
- ➔ International business transformation and change management skills

Current external commitments:

Senior Advisor to Bain Capital.

Previous roles:

Chairman and Chief Executive Officer of Brakes Group; Non-Executive Director of Travis Perkins plc; Group Chief Operating Officer and Chief Executive Officer, Europe, South Africa and India for Sodexo; Chief Operating Officer of MyTravel plc; Managing Director of Telewest Communications plc.

The Board
continued

Executive Directors (continued)		Non-Executive Directors
<p>Rick Medlock (56) Chief Financial Officer</p> <p>E Member</p> <p>Appointed to Worldpay Group: April 2015</p> <p>Independent: No</p> <p>Key strengths:</p> <ul style="list-style-type: none"> ➤ Qualified chartered accountant with extensive financial management experience in large international technology companies ➤ Detailed operational expertise with significant experience of financing and capital raising ➤ Proven experience of restructurings, acquisitions and business integration <p>Current external commitments: None.</p> <p>Previous roles: Chief Financial Officer of Misys, Inmarsat plc, NDS Group plc, PMS Europe, Creative Group Holdings Ltd, and Technology plc.</p>		<p>Martin Scicluna (66) Senior Independent Non-Executive Director A Chair N Member RM Member R Member</p> <p>Appointed to Worldpay Group: October 2013</p> <p>Independent: Yes</p> <p>Key strengths:</p> <ul style="list-style-type: none"> ➤ Deep knowledge of auditing and associated regulatory issues ➤ Extensive skills in general management and financial oversight ➤ Significant experience of international companies <p>Current external commitments: Chairman of RSA Insurance Group plc and Great Portland Estates plc.</p> <p>Previous roles: Non-Executive Director of Lloyds Banking Group; Member of the Financial Services Trade and Investment Board; Chairman of Deloitte LLP in the UK; Member of the Deloitte Board; Member of the Board of Deloitte Touche Tohmatsu; Audit Partner at Deloitte for 26 years.</p>
<p>Ron Kalifa (55) Vice Chairman and Executive Director</p> <p>E Member</p> <p>Appointed to Worldpay Group: August 2010</p> <p>Independent: No</p> <p>Key strengths:</p> <ul style="list-style-type: none"> ➤ Significant executive and leadership experience with key strengths in mergers and acquisitions and strategy development ➤ Strong industry relationships including with cards schemes and industry associations ➤ Comprehensive financial and commercial knowledge <p>Current external commitments: Non-Executive Director of Transport for London and QIWI plc; Independent Consultant to Advent.</p> <p>Previous roles: Chief Executive Officer of Worldpay; Member of the Board of UK Cards Association Ltd. Has held various executive roles within RBS and NatWest.</p>		

Key:

RM Remuneration Committee
A Audit Committee
N Nomination Committee
R Group Risk Committee
E Executive Team

John Allan, CBE (68)

Independent Non-Executive Director

RM Chair **A** Member **N** Member **R** MemberAppointed to Worldpay Group:
July 2011Independent:
Yes**Key strengths:**

- Brings a wealth of executive management expertise in commercial and financial services sectors
- Significant experience managing complex mergers, acquisitions and integrations
- Significant experience in alliances, ventures and partnerships

Current external commitments:

Chairman of Tesco plc, Barratt Developments plc and London First.

Previous roles:

Co-Deputy Chairman and Senior Independent Director of Dixons Carphone; Chairman of Care UK Health & Social Care; Non-Executive Director of National Grid plc, Royal Mail Group plc, the UK Home Office Supervisory Board, 3i Group plc, PHS Group plc, Wolseley plc, Hamleys plc and Connell plc. Member of the supervisory boards of Lufthansa AG and Deutsche Postbank; Senior Advisor to Deutsche Bank; Executive Director of BET plc; Chief Financial Officer and Board Member of Deutsche Post DHL.

Deanna Oppenheimer (58)

Independent Non-Executive Director

R Chair **RM** Member **N** MemberAppointed to Worldpay Group:
January 2016Independent:
Yes**Key strengths:**

- Extensive knowledge and experience in retail banking and financial services
- Track record in leading companies through turnaround or significant growth
- ➔ Experienced non-executive in a number of sectors

Current external commitments:

Senior Independent Non-Executive Director of Tesco plc and holds Non-Executive Director roles on the Boards of Whitbread plc, Axa Group and the Joshua Green Corporation. Founder of CameoWorks LLC. Senior Advisor to Bain & Company.

Previous roles:

Vice Chair of Global Retail Banking and Chief Executive of UK Retail and Business Banking at Barclays plc. Senior executive positions at Washington Mutual Inc.

Karen Richardson (54)

Independent Non-Executive Director

A Member **N** Member **R** MemberAppointed to Worldpay Group:
July 2016Independent:
Yes**Key strengths:**

- Deep knowledge of the technology sector with significant international experience
- Well-developed leadership and global team management skills
- ➔ Strong strategic and commercial understanding

Current external commitments:

Non-Executive Director of BT Group plc, Exponent and Ayasdi.

Previous roles:

Non-Executive Director roles on the boards of i2 Holdings, Hackerank, VirtuOz and Hi5 Networks. Advisory Board member of Proofpoint and former advisor to Silver Lake Partners; Chief Executive Officer of Epiphany Inc. Senior sales and marketing roles in Collabra Software Inc. and Netscape Communications Corp.

Group Company Secretary and Executive Team

Group Company Secretary	Executive Team	
<p>Derek Woodward Group Company Secretary</p>	<p>Ruth Prior Chief Operating Officer</p>	<p>Shane Happach Chief Executive Officer, Global eCom</p>
<p>Joined Worldpay Group: January 2016</p>	<p>Joined Worldpay Group: October 2013</p>	<p>Joined Worldpay Group: December 2010</p>
<p>Derek has a wealth of experience as Company Secretary of large publicly listed international companies across a range of industries. Derek was appointed Group Company Secretary in January 2016. Prior to this, he spent seven years as Group Company Secretary of Thomas Cook Group plc, seven years as Head of Secretariat at Centrica plc and three years as Company Secretary of Allied Zurich plc, the UK listed holding company of the Zurich Financial Services Group. Between 1990 and 1998 he was Assistant Secretary of British American Tobacco p.l.c.. Derek is a qualified chartered secretary and serves as Chairman of the ICSA Company Secretaries Forum.</p>	<p>Ruth was appointed Chief Operating Officer in 2016, having joined Worldpay in 2013. She was previously Group Chief Financial Officer of EMI Group and prior to that worked for the private equity firm Terra Firma Capital Partners as Finance Director. She has held senior positions within finance and operations, including at Whitbread and Bass and Unilever. Ruth has significant experience across a broad range of sectors, particularly in business transformation, mergers and acquisitions, and change management. Ruth is a qualified chartered management accountant.</p>	<p>Shane was appointed Chief Executive Officer of Global eCom division in 2016, having joined Worldpay in 2010. Shane has over 15 years' experience in financial services and has significant experience in treasury, M&A and foreign exchange. He has held various management roles across international markets and developed key strengths in strategy, financial planning and new market entry.</p>
<p>Philip Jansen Chief Executive Officer See page 59 for full biography.</p> <p>Rick Medlock Chief Financial Officer See page 60 for full biography.</p> <p>Ron Kalifa Vice Chairman and Executive Director See page 60 for full biography.</p>		

Peter Jackson
Chief Executive Officer, Worldpay UK

Joined Worldpay Group:
March 2017

Peter was appointed as Chief Executive Officer of Worldpay UK in 2017. He was previously Chief Innovation Officer at Banco Santander, where his remit covered Openbank, InnoVentures (a \$200m VC fund) and the innovation activities across the Group. Prior to Santander, Peter was Group Chief Executive Officer of Travelex and he has held senior positions at Lloyds Banking Group, Halifax Bank of Scotland, and McKinsey & Company. Peter is a Non-Executive Director of Paddy Power Betfair plc, and a member of their Board Risk and Board Remuneration Committees. He is an active angel investor in fintech, with a board seat at Aire Labs Ltd, and chairs the development committee for Pembroke College, Cambridge.

Kim Crawford Goodman
Chief Executive Officer, Worldpay US

Joined Worldpay Group:
November 2016

Kim was appointed Chief Executive Officer of Worldpay US in 2016. She was previously President of American Express' Global Business Travel and President of Merchant Services Americas. Prior to joining Amex in 2007, she held executive positions at Dell Inc. including Vice President of Software and Peripherals, Vice President of Public Marketing and Transactional Sales, and Vice President and General Manager of Dell Networking. Kim began her career at Bain & Company where she served as Partner, Manager and a Consultant. Kim holds board positions at Brocade Communications Systems, Inc. (NASDAQ: BRCD) and Charter Communications (NASDAQ: CHTR).

Mark Kimber
Chief Information Officer

Joined Worldpay Group:
September 2014

Mark was appointed Chief Information Officer in 2016, having joined Worldpay from J.P. Morgan Chase where he was Chief Information Officer for EMEA. Mark has over 20 years' experience in financial services having held senior technology roles within J.P. Morgan Chase as well as Bear Stearns and Lehman Brothers. Mark has extensive expertise of building and leading global technology organisations.

Group Company Secretary and Executive Team
continued

Executive Team (continued)

Kevin McCarten
Chief Strategy Officer

Joined Worldpay Group:
September 2016

Kevin was appointed Chief Strategy Officer in 2016, having joined Worldpay from Oliver Wyman where he was responsible for the Global Business and Consumer Services practice and was a member of the Oliver Wyman Leadership Council. In addition to 16 years in consulting, advising at board level across a wide range of industry sectors, Kevin has spent 15 years in consumer products industries (Ford Motor Co. and Procter and Gamble), and seven years at board level in retail including five years as a main board member at J Sainsbury plc.

Andy Doyle
Chief Human Resources Officer

Joined Worldpay Group:
May 2013

Andy was appointed Chief Human Resources Officer in 2013. Prior to joining Worldpay, he worked in a number of different sectors in companies experiencing high growth and change. He was previously Group Human Resources Director for ITV plc. He has worked in operational and senior HR executive roles in the UK, Europe and US in technology, real estate, construction and leisure retail. Andy is a Chartered Director and a Chartered Fellow of the Chartered Institute of Personnel and Development.

Ruwan De Soyza
Group General Counsel

Joined Worldpay Group:
January 2012

Ruwan was appointed Group General Counsel in 2016, having joined Worldpay in 2012. He has over 17 years of legal experience, first as a Corporate and M&A lawyer with Clifford Chance LLP and subsequently in a number of different businesses including Merchant and Retail Banking, Outsourcing and Consultancy. Ruwan is responsible for the provision of legal services to the Worldpay Group and has also been interim Head of Franchise Development and Management since June 2016. Ruwan holds a Diploma in Law from the College of Law, London and is a Solicitor of the Senior Courts of England and Wales.

Link to:
Meet the Executive Team online
[http://investors.worldpay.com/
management/executive-team](http://investors.worldpay.com/management/executive-team)

Corporate governance report

Compliance with the UK Corporate Governance Code

This report sets out how the Company applied the principles of the UK Corporate Governance Code ('the Code') and its compliance with the provisions of the Code in the year.

Since the IPO of the Company in October 2015, the Board has made significant progress to ensure its governance arrangements meet the expectations of shareholders and, before the end of the year, full compliance with the Code. This is explained in more detail throughout this report. As this was a year of transition, full compliance with the September 2014 edition of the Code in respect of the following provisions was only achieved part way through the year:

- › Code provision B.1 – balance of Independent Non-Executive Directors – although two new Independent Non-Executive Directors were appointed on 1 January and 1 July 2016, full compliance with this provision was achieved from 9 September when the two non-independent private equity representative Directors resigned from the Board (see page 67);
- › Code provision B.6 – Board and Committee evaluation – conducted in the autumn and discussed by the Board in December 2016 (see pages 69 to 70);
- › Code provision C.3 – Membership of the Audit Committee – full compliance from 1 July 2016 when Karen Richardson was appointed as the third Independent Non-Executive Director member of the Audit Committee and the Company's Chairman stood down from membership of that Committee; and
- › Code provision D.2 – Membership of the Remuneration Committee – full compliance from 29 January 2016 when Deanna Oppenheimer was appointed as the third Independent Non-Executive Director member of the Remuneration Committee and the Company's Chairman stood down from membership of that Committee.

The Company has also early adopted and complied with the additional requirements introduced in the April 2016 edition of the Code (as explained in the Audit Committee section of this report on pages 71 to 74).

The Group's business model and strategy

The Group's business model and strategy are summarised on pages 14 to 21 of this report.

Responsibilities of the Board of Directors

The Board is responsible for the long-term success of the Group and for ensuring that there is a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

The Board has a schedule of matters reserved for its approval and has a formal structure of delegated authority, whereby specified aspects of management and control of the Group have been delegated to the Board Committees, the Executive Directors, the Group Executive Team and the operating division management teams. The Board has agreed the terms of reference for the Audit, Group Risk, Nomination and Remuneration Committees and the role and responsibilities documents for the Chairman, the Chief Executive Officer and the Senior Independent Director, all of which can be found on the Group's investor site at <http://investors.worldpay.com>. The Board and the Committees, with the support of the Group Company Secretary, ensure the workflow of the Board and Committees is compliant with the requirements of the above documents. The powers of the Directors are set out in the Company's Articles of Association. These are also available on the Group's corporate website.

Governance structure



Corporate governance report
continued**Matters reserved for the Board**

In accordance with its schedule of matters reserved, the Board is specifically responsible for:

- Approval of the Group's strategic aims and objectives;
- Approval of the annual operating and capital expenditure budgets, including all investments in excess of £20m or otherwise as required under the Board's delegation of authority;
- Approval of any material extension of the Group's activities into new business or geographic areas;
- Oversight of the Group's operations and review of performance against the Group's annual budget and its strategic aims and objectives;
- Approval of annual and half-year results and any other Group trading or interim statements, the Annual Report and Accounts, accounting policies and, upon the recommendation of the Audit Committee and subject to shareholder approval, the appointment and remuneration of the external auditors;
- ➔ Approval of the Group's dividend policy and the payment of interim and the recommendation of final dividends;
- Changes to the Group's capital structure and the issue of any securities;
- Determining and monitoring the Group's risk appetite, systems of internal control, corporate governance structures, practices and approval authorities;
- Upon the recommendation of the Remuneration Committee, determining the Group's remuneration policy and the remuneration arrangements of the Executive Directors and other senior executives, monitoring executive performance and succession planning; and
- Establishing and reviewing the Group's culture, values and standards, and ensuring that the Group's obligations are understood and met.

The Board has a forward schedule of work to ensure that it meets its responsibilities during the course of the current financial year. This has been developed and enhanced in the first full year following the IPO in October 2015.

The roles and activities of the Board's Committees are described on pages 71 to 78.

Board activity during the period

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and trading performance across the Group and the Chief Financial Officer

presents a detailed analysis of the financial performance, both at Group and operating division levels. In view of their critical importance to the business of the Group, the Board reviews progress on the new payments platform and cyber-security at each of its meetings. This is in addition to the regular in-depth review by the Audit Committee of assurance work in respect of the new

At its meetings during the year, the Board discharged its responsibilities and, in particular, it reviewed:

Strategy

Trading and financial performance

The Group's 2017 budget

Review of the annual and half-year reports and declaration of the interim dividend

Reports from the Company's brokers in respect of market consensus, share price performance and shareholder feedback

Oversight of the work conducted by, and reports from, the Board's Audit, Nomination, Remuneration and Group Risk Committees

The Group's Public Policy programme

Assessments of the likely impact of Brexit

The appointment of Independent Non-Executive Directors on the recommendation of the Nomination Committee

The new payments platform and cyber-security, including an independent review of cyber-security

Tax strategy and policy
(available on the Group's investor site at <http://investors.worldpay.com>)

Corporate governance:

updates on key corporate developments
Re-appointment of KPMG as auditors
Review processes and controls in compliance with the Market Abuse Regulation
Board and Committee evaluation review
(see page 69 and 70)

payments platform and by the Group Risk Committee in respect of IT risk and cyber-security. Senior executives below Board level attend relevant parts of Board and Committee meetings in order to make presentations on their areas of responsibility. This gives the Board access to a broader group of executives and helps the Directors make assessments when considering the Group's succession plans. The Board continually reviews the Group's strategy at each of its meetings and, in addition, holds one dedicated full day strategy meeting each year.

Board composition

As at 31 December 2016, the Board comprised the Non-Executive Chairman, three Executive Directors and four Independent Non-Executive Directors. Their biographical details can be found on pages 59 to 61 and on the Group's investor site at <http://investors.worldpay.com>.

The Chairman

Sir Michael Rake was the Chairman throughout the year and to the date of this report. He was independent on appointment in September 2015.

The roles of the Chairman and Chief Executive Officer are separate and distinct. There are Board-approved Roles and Responsibilities documents for both positions, which clearly set out in writing their respective responsibilities. These documents can be found on the Group's investor site at <http://investors.worldpay.com>.

The Senior Independent Director

Martin Scicluna was the Senior Independent Director throughout the year and to the date of this report. The Senior Independent Director is available to shareholders should they have concerns that cannot be resolved through the normal channels involving the Executive Directors or the Chairman. The Board-approved Role and Responsibilities of the Senior Independent Director are set out in writing and can be found on the Group's investor site at <http://investors.worldpay.com>.

Board changes during the year

There were a number of directorate changes during the year, resulting in the achievement of an appropriate balance of independence to the composition of the Board and the Committees in full compliance with the Code.

Deanna Oppenheimer and Karen Richardson joined the Board as Independent Non-Executive Directors on 1 January and 1 July 2016, respectively. On 9 September 2016, James Brocklebank and Robin Marshall, who were not independent (being representatives of Advent and Bain respectively under the Relationship Agreement with the Company) resigned from the Board upon Advent and Bain reducing their combined holding down to 10.7%.

Deanna has extensive knowledge and experience in retail banking and financial services as well as significant leadership skills. Karen has a wealth of experience and insight in the technology sector. Both have significant Board level experience at international UK listed plcs.

The search, selection and appointment process for Independent Non-Executive Directors is fully described in the Nomination Committee section on pages 76 to 77.

When appointing new Independent Non-Executive Directors, the Board has regard for its Board Appointments Policy, which provides for diversity across a range of measures, including skills, experience and gender in order to meet the needs of the business. The Board Appointments Policy can be found on the Group's investor site at <http://investors.worldpay.com>.

Committee membership changes during the year

The appointment of additional Independent Non-Executive Directors during the year allowed the strengthening of the Committees, bringing the membership of the Audit and Remuneration Committees in line with the requirements of the Code.

Deanna Oppenheimer was appointed Chair of the Group Risk Committee at the same time as her appointment to the Board on 1 January 2016 and was appointed as the third independent member of the Remuneration Committee on 29 January 2016, at which time Sir Michael Rake who had been a member in the period since the IPO stood down from that Committee. Deanna Oppenheimer also joined the Nomination Committee on 1 October 2016.

Karen Richardson was appointed as the third independent member of the Audit Committee upon her appointment to the Board on 1 July 2016, at which time Sir Michael Rake, who had been a member in the period since the IPO, stood down from that Committee. Karen was also appointed as a member of the Nomination Committee and the Group Risk Committee on 1 July and 1 October 2016, respectively.

The current compositions of the Board's Committees are shown in the relevant Committee sections on pages 71 to 78.

Directors' conflicts of interest

The Companies Act has codified the Directors' duty to avoid a situation in which they have, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors.

Corporate governance report continued

The Board has established a process to identify and authorise conflicts. As part of that process, it has also agreed that the Nomination Committee should review the authorised conflicts every six months or more frequently if a new potential conflict arises for an existing Director. The Nomination Committee reviews the interests of candidates prior to making recommendations for the appointment of new Directors. The Nomination Committee and Board applied the above principles and process throughout the period to the date of this report and confirm that these have operated effectively.

Confirmation of Director independence

At its March 2017 meeting, as part of a thorough review of corporate governance against the Code, the Board considered the independence of the Non-Executive Directors against the criteria specified in the Code and determined that John Allan, Deanna Oppenheimer, Karen Richardson and Martin Scicluna were independent.

In reaching the above determination of independence, the Board considered the following:

- That John Allan and Deanna Oppenheimer hold the positions of Chairman and Senior Independent Non-Executive Director, respectively at Tesco plc; and
- That Sir Michael Rake and Karen Richardson hold the positions of Chairman and Independent Non-Executive Director, respectively at BT Group plc.

The Board agreed that each of John Allan, Deanna Oppenheimer, Karen Richardson and Martin Scicluna is independent in character and judgement and the above matters have not restricted or impaired his or her effectiveness and independence.

Re-appointment of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election by shareholders. The Board has agreed that the Directors will be subject to annual election. Non-Executive Directors are

initially appointed for a three-year term, subject to review by the Nomination Committee and continued annual election by shareholders.

Board induction and development

An induction programme tailored to meet the needs of individual Directors is provided for each new Director. This programme has evolved as we build on the experience of inducting each new Director. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations and its governance arrangements.

Such inductions typically include on-site meetings with senior management, both at the Group level and within the operating divisions, where they receive a thorough briefing on the business and meet with the management teams. Individual induction requirements are monitored by the Chairman, with the support of the Group Company Secretary, to ensure that newly appointed Directors gain sufficient knowledge about the Group to enable them to contribute to the Board's deliberations as swiftly as possible.

A series of development and strategy support presentations (covering the Company's strategy and the potential opportunities and threats from future industry developments) was given to the Board in the first half of the year which, in addition to the normal business reviews at each meeting, ensured that all the non-executive members of the Board had sufficient and equal knowledge about the Group in order to contribute fully to the Board's annual strategy meeting in June 2016. Since then, and in response to the Board's request, the strategic content of Board meetings has increased. A further series of development and strategy support presentations has been scheduled for 2017.

The Board agreed, during its evaluation discussion in December 2016, to increase the frequency of interaction between the Non-Executive Directors and the members of the Executive Team, the operating division management teams and high potential talent throughout the

organisation. This will increase the Board's presence across the Group and continuously develop the Board's understanding of the business and its evaluation of management talent and succession planning.

Operation of the Board and its Committees

Prior to each scheduled Board meeting, the Chairman meets with the Independent Non-Executive Directors in the absence of the Executive Directors. Prior to their resignation from the Board on 9 September 2016, these meetings also took place in the absence of James Brocklebank and Robin Marshall, neither of whom were independent.

The Directors have access to a fully encrypted electronic portal system, which enables them to receive and review Board and Committee papers quickly and securely using electronic tablets. Scheduled Board and Committee meetings are held physically and most ad-hoc meetings are held by phone. The Group Company Secretary attends all Board meetings.

The papers in respect of the Audit, Group Risk, Nomination and Remuneration Committees are circulated to all the Non-Executive Directors, regardless of Committee membership. Major decisions taken under the Group's Delegation of Authority are reported to the next Board meeting.

The Group Company Secretary, who was appointed by the Board, is responsible for advising and supporting the Chairman, the Board and its Committees on corporate governance matters as well as ensuring that there is a smooth flow of information to enable effective decision making. All Directors have access to the advice and services of the Group Company Secretary and, through him, have access to independent professional advice in respect of their duties, at the Company's expense. The Group Company Secretary acts as secretary to the Board and its Committees. Derek Woodward has held the position of Group Company Secretary from 10 January 2016. His biographical details can be found on page 62.

In accordance with its Articles of Association, the Company has granted a qualifying third-party indemnity, to the extent permitted by law, to each Director and the Group Company Secretary. The Company also maintains Directors' and Officers' liability insurance.

Board meetings and attendance

The Board and its Committees have regular scheduled meetings throughout the year and supplementary meetings are held as and when necessary. The table below shows the number of scheduled Board and scheduled Committee meetings attended by each Director out of the number convened during the time served by each Director on the Board or relevant Committee during the period. Each of the current Directors attended all scheduled Board meetings.

Each Committee member attended all Committee meetings except for one Audit Committee meeting in the case of Sir Michael Rake and one Nomination Committee meeting in the case of Deanna Oppenheimer, both cases which were due to an unavoidable business commitment. In each case, the Director gave input to the Chairman of the meeting on the business to be conducted prior to the meeting and was briefed afterward on the meeting discussions. Each of the Directors has given a firm commitment to being able to give sufficient time to enable them to fulfil their duties, including the attendance of meetings, in 2017.

As well as the scheduled meetings, eight additional Board meetings were also held. These were mainly in respect of strategic matters that the Chairman and Chief Executive Officer decided should be considered by the Board prior to the next scheduled meeting. Despite these meetings being held at relatively short notice, there was full attendance at each of those meetings other than one meeting in the case of Ron Kalifa which was due to short notice of the meeting and an unavoidable overseas business commitment. Ron Kalifa gave input to the Chairman of the meeting on the business to be conducted prior to the

meeting and was briefed afterward on the meeting discussions.

Board evaluation

The Board recognises the benefit of a thorough Board and Committee evaluation process to monitor and improve its effectiveness. It determined at the start of the year that the best time to conduct this exercise would be around the first anniversary of the IPO in the autumn of 2016, thereby allowing the review of a full year of operation. In 2016, the evaluation was facilitated by the Group Company Secretary, who has direct experience in this field at other organisations and who also had first hand experience of the evolution and progression of the Board and Committees, having joined shortly after the IPO.

Process

The Group Company Secretary prepared a comprehensive questionnaire in respect of the effectiveness of the Board, the Committees and the individual Directors. A separate questionnaire was prepared in respect of the evaluation of the Chairman. These questionnaires were reviewed and approved by the Chairman and Senior Independent Director respectively before being issued to each of the Directors.

Upon receipt of the completed questionnaires, the Group Company Secretary prepared two reports, which included recommendations for future actions and improvements: one in respect of the Board, Committees and individual Directors; and the other in respect of the Chairman.

The Group Company Secretary presented these reports to the Board at its meeting in December 2016.

Individual Director attendance at scheduled meetings in the year

Current Directors

Name	Board (scheduled)	Audit Committee	Group Risk Committee	Nomination Committee	Remuneration Committee
Sir Michael Rake ¹	9/9	2/3	n/a	7/7	1/1
Martin Scicluna	9/9	7/7	4/4	7/7	4/4
John Allan	9/9	7/7	4/4	7/7	4/4
Deanna Oppenheimer ²	9/9	n/a	4/4	1/2	3/3
Karen Richardson ³	5/5	4/4	1/1	4/4	n/a
Philip Jansen	9/9	n/a	n/a	n/a	n/a
Ron Kalifa	9/9	n/a	n/a	n/a	n/a
Rick Medlock	9/9	n/a	n/a	n/a	n/a

1 Sir Michael Rake resigned from the Remuneration Committee on 29 January 2016 and the Audit Committee on 1 July 2016.

2 Deanna Oppenheimer joined the Remuneration Committee on 29 January 2016 and the Nomination Committee on 1 October 2016.

3 Karen Richardson joined the Board, Audit Committee and Nomination Committee on 1 July 2016 and the Group Risk Committee on 1 October 2016.

Former Directors

Name	Board (scheduled)	Audit Committee	Group Risk Committee	Nomination Committee	Remuneration Committee
James Brocklebank	5/6	n/a	n/a	n/a	n/a
Robin Marshall	3/6	n/a	n/a	n/a	n/a

Note:

James Brocklebank and Robin Marshall resigned from the Board on 9 September 2016.

Corporate governance report continued

Board evaluation – summary of outputs

There was a shared view that the Board and the Committees had made significant progress in the year since the IPO, but recognition that there are opportunities for further development. Positive comments were made in respect of the transition from private equity ownership to listed company status, the composition of the Board and Committees, the focus on the important strategic and operational issues, good levels of management transparency within quality papers and a good balance of support and challenge from the NEDs; in addition, a wealth of constructive feedback was given to improve the effectiveness of the Board and Committees. There were no concerns raised in respect of individual Directors.

The key actions following the discussion by the Board are given in the table below.

Arrangements have been put in place to address the agreed actions which will be monitored by the Chairman with the support of the Group Company Secretary. Progress will be regularly reported to the Board.

Chairman evaluation

The Non-Executive Directors, under the leadership of the Senior Independent Director and with input from the Executive Directors, conducted an evaluation of the Chairman. The outputs from that evaluation were debated by the Board in the absence of the Chairman and feedback given to him by the Senior Independent Director. There was a

shared view amongst the Executive and Non-Executive Directors that the Board, under the leadership of the Chairman, had made solid progress since the IPO in October 2015, focusing on the important strategic and operational issues as well as achieving the highest standards of corporate governance, fully compliant with the Code.

Executive Directors

The Group's performance management system applies to management at all levels. The individual performance of the Executive Directors is reviewed separately by the Chairman and the Remuneration Committee. Further details of the Executive Directors' performance measures and objectives are given in the Remuneration report on pages 82 and 95.

Future evaluations

The Board has agreed that the evaluation exercise in 2017 will be conducted internally by the Group Company Secretary and in 2018 by an external facilitator, as required by the Code.

Outputs and agreed actions from the 2016 Board and Committee evaluation

Outputs:	Agreed actions:
Continuously enhance the Board's knowledge and understanding of the industry and the business; build the Board's presence across the organisation and evaluate management talent and succession planning.	Increase the frequency of interaction between the Non-Executive Directors and the members of the Executive Team, the operating division management teams and high potential talent throughout the organisation.
Continue with strategic reviews at each Board meeting, but be more cognisant of potential changes to our industry (e.g. technology and regulation).	Greater focus to be included in strategy Board papers.
Greater oversight of embedding culture and policies throughout the organisation. Group Risk Committee to continue with oversight of embedding three lines of defence model.	To be reviewed in H1 2017. Ongoing oversight of policies and three lines of defence model by the Group Risk Committee.
Continue with the search for one additional Independent Non-Executive Director.	Remuneration Committee will conduct a thorough search.

The Board's Committees

Audit Committee

Committee Chairman:
 Martin Scicluna*

Other members:
 John Allan, CBE
 Karen Richardson

Number of meetings held in 2016:
7

Meetings also regularly attended by:

- Philip Jansen, Chief Executive Officer;
- Rick Medlock, Chief Financial Officer;
- Ruth Prior, Chief Operating Officer**;
- Michelle Valentine, Group Financial Controller;
- Tim Leather, Chief Internal Auditor;
- Derek Woodward, Group Company Secretary;
- KPMG LLP (KPMG).

* The Board has agreed that Martin Scicluna has recent and relevant financial experience and that the Audit Committee as a whole has competence relevant to the sector in which the Company operates, as required by the Code.

** Ruth Prior was appointed Chief Operating Officer on 1 January 2017, prior to which date she was the Deputy CFO.

Link to:
Directors' biographies
 pages 59-61



The Audit Committee has focused on the integrity of our financial statements, the strengthening of Group Internal Audit and the effectiveness of controls, including those specifically in respect of the new payments platform.



Composition of the Committee

Martin Scicluna and John Allan were appointed to the Committee prior to the IPO in 2015. Karen Richardson was appointed to the Committee as the third independent member on 1 July 2016, on which date Sir Michael Rake, who had been a member in the period since the IPO, stood down from that Committee. In July 2016, the Nomination Committee conducted a thorough review of the skills and experience of the Directors mapped against the Group's current and future requirements and agreed that the Audit Committee as a whole has competence relevant to the sector in which the Company operates as required by the 2016 edition of the Code.

Role of the Committee

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal and external audit and controls. In accordance with its terms of reference, the Committee, which reports its findings to the Board, is authorised to:

- Monitor the integrity of the financial statements including annual and half-year results and any Group trading or interim statements, including a review of the significant financial reporting judgements contained in them;

- ➔ Review the content of the Annual Report and advise the Board on whether it is fair, balanced and understandable;
- Review the Company's internal financial controls and the Group's internal control and risk management systems;
- Review and assess the annual Group Internal Audit Plan;
- Monitor and review the effectiveness of the Company's internal audit function;
- Establish and oversee the Company's relationship with its external auditor, including the monitoring of their independence, and the level of the non-audit fees paid to them, and the approval of the external auditor's remuneration and terms of engagement;
- Review and approve the annual external audit plan; and
- Assess the effectiveness of the external audit process.

The Committee has a forward work programme and in December 2016, with the support of the Group Company Secretary, it reviewed its activities against the requirements of its terms of reference to ensure that it had met its responsibilities. To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business. The full terms of reference of the Committee are available on the Group's investor site at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office.

Principal activities of the Audit Committee during the year

During the year, the Committee reviewed the following:

Financial

- The integrity of the 2015 full year and the 2016 half-year results (including a review of significant accounting issues and judgements set out in separate comprehensive reports prepared by Group Finance) and the processes underpinning their preparation, verification and management sign-offs;

Corporate governance report
continued

- Information in support of the statements in relation to going concern, longer-term viability, internal control, fair, balanced and understandable, and disclosure of information to the auditor.

External audit

- The annual audit plan and scope and the audit engagement letter;
- The auditor's year end report;
- The auditor's management letter on controls following the 2015 audit and an update at the end of 2016 on the progress made by management.

Internal audit and controls

- The strengthening and resourcing of the internal audit function;
- The internal audit plan for 2016 and, towards the end of 2016, the plan for 2017;
- The reports from internal audit activity;
- The new payments platform controls assurance.

Governance

- The effectiveness of the external audit process and the re-appointment of the auditor;
- Separate meetings with the Group Internal Auditor and the external auditor in the absence of management;
- The appointment of a new Statutory Auditor (see opposite);
- Policy review and approval:
 - Non-audit services by the external auditor;
 - Financial Accounting;
 - Financial Reporting;
 - Tax Strategy – published on the Group's investor site at <http://investors.worldpay.com>;
- Changes to the UK Corporate Governance Code;
- A review of the Committee's activities against its terms of reference.

Group Internal Audit

Prior to the IPO, the Committee decided to strengthen the Internal Audit function, leading to the appointment in September 2015 of a highly experienced Chief Internal Auditor. With the support and authority of the Committee and executive management, the new Chief Internal Auditor re-resourced and thereby significantly enhanced the skills of the Internal Audit function. This resulted in a major improvement in the quality and coverage of the third line of defence assurance work provided to the Group. The skills enhancement programme and the output from the Internal Audit Function was monitored and reviewed throughout the year by the Committee. A formal review of the effectiveness of that function will be conducted in 2017.

External auditor

On 19 September 2012, KPMG was appointed as the auditors to the Worldpay Group and Michael Harper, a Partner of KPMG, was appointed Senior Statutory Auditor. In compliance with partner rotation requirements in the FRC Ethical Standard, Michael Harper will stand down from this position at the conclusion of the Worldpay AGM to be held on 10 May 2017 and, subject to the re-appointment of KPMG by shareholders at the AGM, will be succeeded by John Bennett, Partner, KPMG. John Bennett's appointment was approved by the Audit Committee, following a thorough process involving the CFO and the Chairman of the Audit Committee. The Company is required to put the external audit contract out to tender no later than 2022 and currently has no intention to do so in 2017.

A policy is in place which requires all material non-audit work proposed to be carried out by the external auditor to be pre-authorised by the Chief Financial Officer and/or the Committee in order to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity. This policy was updated to ensure that it is compliant with the FRC Ethical Standard 2016 and the external auditor cannot be engaged in respect of services prohibited by that Standard. The policy is published on the Group's investor site at <http://investors.worldpay.com>.

An analysis of the fees earned by the Group's auditor for audit and non-audit services is disclosed in Note 2e to the financial statements. Of the £1.6m total fee payable to KPMG in 2016, £0.9m was paid in respect of the audit of the Group's Annual Report and Accounts and £0.7m was payable in respect of other non-audit and assurance services.

KPMG have confirmed their independence as auditor of the Company in a letter addressed to the Directors.

Following the process adopted in 2016, the Audit Committee reviewed the effectiveness of the external audit process at its meeting in February 2017. This included reviewing comprehensive papers from both management and the external auditor, which set out the planning and execution of the conduct of the audit. The Audit Committee also held separate meetings with the external auditor in the absence of management and with management in the absence of the external auditor. Upon the recommendation of the Audit Committee, KPMG will be proposed for re-election by shareholders at the AGM to be held on 10 May 2017. In reaching its decision to propose KPMG for re-election, the Audit Committee took into account the effectiveness of the external audit process, and the objectivity and independence and the length of tenure of KPMG as external auditor.

Significant issues considered by the Audit Committee in relation to the financial statements

Significant issue considered by the Committee	How the issue was addressed by the Committee
Going concern: Management reviewed the appropriateness of preparing the Group financial statements for the half year and full year on a going concern basis and presented papers to the Committee in August 2016 and February 2017.	The Committee considered papers prepared by management and, taking into account the key assumptions and risks and the external auditor's review of these papers, concluded that management's recommendation to prepare accounts on a going concern basis was appropriate.
The Group's accounting policies and application of them: Each year, the Group Accounting Policies Committee conducts a review of the Group's accounting policies to ensure they remain appropriate. The findings from this review were presented to the Audit Committee in December 2016 as part of the Financial Controller update.	Having considered the paper, the Committee agreed with management's proposals.
Correspondence with the Financial Reporting Council (FRC): In the latter part of 2016 and early 2017, the Group received and responded to correspondence from the FRC's Corporate Governance & Reporting Division in relation to the Group's Annual Report and Accounts 2015. The majority of the queries raised by the FRC related to additional clarification and explanation which were dealt with satisfactorily in our responses. However, in a small number of cases, undertakings were made to present information differently in the Group's financial statements or to provide additional explanatory notes to the financial statements.	The Committee reviewed management's responses to the FRC letters and agreed with their content, providing approval for each letter to be submitted. In addition, the Committee discussed with management and the external auditor the completeness and quality of the disclosures in the Annual Report and Accounts 2016 in light of the correspondence with the FRC during the year and the latest guidance issued by the FRC. The Committee approved the Annual Report and Accounts 2016. All queries are now closed.
Presentation of financial information: Following the correspondence with the FRC, management proposed a number of changes to the presentation of finance income and costs on the face of the income statement.	The Committee considered management's proposals and agreed to adopt them.
Disposal of Visa Europe membership shares and valuation of related CVR liabilities: On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051m. On disposal, the Visa Europe membership shares were derecognised from the Group's balance sheet and the elements of consideration recognised along with the corresponding tax liabilities and liabilities in respect of ongoing interchange litigation related to Visa Europe. The CVR liabilities have also been revalued to reflect the impact of the transaction. Management prepared and presented a paper to the Committee which discussed the accounting on disposal. Audit procedures performed by KPMG and reported to the Committee included an assessment of the facts and circumstances and rights and obligations attached to the various elements of the consideration and CVR liabilities; a review of the key input assumptions in arriving at the profit on disposal and the valuation of certain elements of consideration and the CVR liabilities; and a review of the adequacy of the Group's disclosures in respect of the transaction.	The Committee considered the paper prepared by management, and, following discussions with management and the external auditor who also provided critical challenge and assessment of the key accounting judgements, the Committee endorsed management's proposals.

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continued

Significant issue considered by the Committee	How the issue was addressed by the Committee
<p>Separately disclosed items: The Group has an established policy of separately disclosing items that it believes, due to their size or nature, are not the result of normal operating performance and should be disclosed separately to allow a more comparable view of underlying trading performance.</p>	<p>The Committee considered management's presentation of all separately disclosed items and agreed with its proposed presentation. Of particular note was the discussion around the profit on disposal of the Visa Europe asset and related revaluation of the elements of consideration received and the CVR liabilities. Having considered this specific matter, the Committee agreed to adopt management's proposed presentation.</p>
<p>Transaction-based revenue and settlement balances: The processing of payments, from which the Group generates the vast majority of its revenues, is dependent on highly complex IT systems with a number of different bases for calculating revenue and for settling funds. Audit procedures performed by KPMG and reported to the Committee included: testing the design, implementation and operating effectiveness of applicable controls; performing reconciliations of cash received to revenue recognised in the year; and obtaining third-party verification of settlement amounts. Where applicable, IT audit experts were also used throughout the audit process.</p>	<p>The Committee reviewed the strategy document presented by KPMG and agreed with the assessment of significant risks in relation to the audit. The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk.</p> <p>The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year).</p> <p>The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee.</p> <p>Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers and the disclosures in the Annual Report and Accounts 2016.</p>
<p>Trade receivables impairment and related provisions: Provisions are made in respect of impairment of trade receivables where there is objective evidence that the Group cannot recover the original expected cash flows from the trade receivable due to events since the trade receivable was initially recognised, or where a merchant defaults or is expected to default on their obligation to deliver services for which the Group has already processed the corresponding payment transaction. The provisioning policy is reviewed annually by management to ensure it is still appropriate and bad debt provisions are discussed as part of the monthly management accounts review process. Material bad debts are reported to the Audit Committee. Audit procedures performed by KPMG and reported to the Committee included: assessment of the design and operating effectiveness of the key controls within the Group's merchant onboarding and ongoing monitoring processes; consideration of cash collection from merchants subsequent to the year-end; and a critical assessment of the output of the Group's internal monitoring and review processes.</p>	<p>The Committee reviewed the strategy document presented by KPMG and agreed with the assessment of significant risks in relation to the audit. The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk.</p> <p>The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year).</p> <p>The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee.</p> <p>Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers and the disclosures in the Annual Report and Accounts 2016.</p>

The Board's Committees

Group Risk Committee

Committee Chairman:
Deanna Oppenheimer

Other members:
John Allan, CBE
Karen Richardson
Martin Scicluna

Number of meetings held in 2016:

4

Meetings also regularly attended by:

- Philip Jansen, Chief Executive Officer;
- Rick Medlock, Chief Financial Officer;
- Ron Kalifa, Vice Chairman and Executive Director;
- Ian Whyte, Chief Risk Officer;
- Group General Counsel (Mark Edwards in the year, Ruwan De Soyza from 1 January 2017);
- Tim Minall, Group Compliance Director;
- Lisa Willoughby, Group Head of Enterprise Risk Management;
- Derek Woodward, Group Company Secretary.

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Directors' biographies
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With the support of the Enterprise Risk Management Committee, the Group Risk Committee has focused on reviewing existing and emerging risks and the development and embedding of the Enterprise Risk Management Framework and relevant policies across the organisation.



Composition of the Committee

Deanna Oppenheimer was appointed to the Committee as Chair on 1 January 2016. John Allan and Martin Scicluna were also members throughout the year. Karen Richardson was appointed as a member of the Committee with effect from 1 October 2016.

Role of the Committee

The Board has delegated to the Committee responsibility to articulate the Board's risk appetite to management and to review the Group's enterprise risk management framework, key risks and emerging risks that may affect the long-term success of the Group.

The full terms of reference of the Committee are available on the Group's investor site at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office.

Principal activities of the Group Risk Committee during the period

At its meetings during the year, the Committee discharged its responsibilities as listed above and in particular:

- Reviewed the enterprise risk management framework and the plans to relaunch it across the Group;
- Reviewed the risk and compliance work plans for the year, ensuring they were fit for purpose and adequately resourced;
- Reviewed regular reports from the Group Compliance Director and the Chief Risk Officer, including progress reports against their annual work plans;
- Developed the approach to its work programme for the year ahead, including the division of work between the Group Risk Committee and the Audit Committee;
- Reviewed the Group's principal risks and approved the reporting of those risks in the annual and half-year reports;
- Reviewed the Group's Policy Framework and, on a rolling annual programme, reviewed and approved the Group's Level 1 policies;
- Reviewed matters raised by colleagues under the Group's whistleblowing arrangements;
- Conducted deep dive risk and control reviews into various areas of the business, including Technology (and specifically the issues in respect of the High Capacity Gateway (HCG), data security, online gambling and 'high risk' sectors).

The Committee has a forward work programme and in November 2016, with the support of the Group Company Secretary, it reviewed its activities against the requirements of its terms of reference to ensure that it had met its responsibilities. To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business.

Risk appetite and approach to risk management

The Board's risk appetite and the Group's approach to risk management are more fully described in the Principal risks and uncertainties section on pages 33 to 46. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

Corporate governance report
continued

The Board's Committees

Nomination
Committee

Committee Chairman:
Sir Michael Rake

Other members:
John Allan, CBE
Deanna Oppenheimer
Karen Richardson
Martin Scicluna

Number of meetings held in 2016:

7

Meetings also regularly attended by:

- Philip Jansen, Chief Executive Officer;
- Andy Doyle, Chief Human Resource Officer;
- Derek Woodward, Group Company Secretary.

Link to:
Directors' biographies
pages 59-61



We created a stronger and balanced Board in 2016.

**Composition of the Committee**

Sir Michael Rake, Martin Scicluna and John Allan were members of the Committee throughout the year. Karen Richardson and Deanna Oppenheimer were appointed to the Committee on 1 July and 1 October 2016 respectively.

Role of the Committee

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or its Committees. The principal responsibility of the Committee is to make recommendations to the Board on all new appointments to the Board, having regard for an appropriate balance of skills, knowledge, experience and diversity. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for reviewing, at least every six months, or more frequently if required, the Directors' potential conflicts of interest and for making recommendations to the Board in respect of authorising such matters.

The full terms of reference of the Committee are available at the Group's investor site at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office.

Principal activities of the Nomination Committee during the year

At its meetings during the period, the Committee discharged its responsibilities as listed above and in particular:

- Conducted a thorough process and made recommendations to the Board to appoint additional Non-Executive Directors to strengthen the Board;
- As part of that process:
 - Reviewed the Board's objectives in terms of balance of independence and diversity; and
 - in order to determine the attributes required of new additional NEDs, conducted a thorough review of the skills and experience of the Directors mapped against the Group's current and future requirements;
- Considered the independence, effectiveness and time commitment of the Directors before making a recommendation to the Board regarding their re-election at the AGMs held in 2016 and 2017;
- Reviewed the Directors' potential conflicts of interests;
- Upon the appointment of additional independent Non-Executive Directors, conducted a review of, and made recommendations in respect of, the memberships of the Board's Committees;
- Approved an ongoing programme of engagement meetings between the Chairman and NEDs and high potential talent across the organisation;
- Reviewed Executive Succession plans and talent management arrangements;
- Reviewed the Group's Payments Industry Training arrangements; and
- Oversight of annual evaluation process, together with the Group Company Secretary, of Board and Committees to assess overall performance and effectiveness.

In early 2017, the Committee will review the Group's policy and objectives in respect of management diversity.

The Committee has a forward work programme and, in December 2016 with the support of the Group Company Secretary, it reviewed its activities against the requirements of its terms of reference to ensure that it had met its responsibilities. To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from the Chief Human Resources Officer and the Group Company Secretary.

Board appointments policy

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, experience and knowledge of each Director, makes recommendations to the Board. The Board Appointments Policy recognises the benefits of diversity, including gender diversity, and reinforces the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the UK listing and international activity of the Group. The appointments made prior to the IPO and up to the date of this report have been in line with that policy.

The Board endorses the aims of the Davies' report entitled 'Women on Boards' and the recently published Hampton-Alexander report entitled 'FTSE Women Leaders – Improving Gender Balance in FTSE Leadership'. A copy of the Group's Board Appointments Policy can be found on the Group's investor site at <http://investors.worldpay.com>.

Non-Executive appointments

International search and selection firms, The Zygos Partnership and Spencer Stuart, have been used by the Chairman to identify a range of suitable candidates for review by the Nomination Committee. As a result of this process, Deanna Oppenheimer and Karen Richardson were appointed to the Board on 1 January and 1 July 2016, respectively.

Spencer Stuart and The Zygos Partnership also conduct executive search assignments for the Group from time to time.

Corporate governance report
continued

The Board's Committees

Remuneration
Committee

Committee Chairman:
John Allan, CBE

Other members:
Deanna Oppenheimer
Martin Scicluna

Number of meetings held in 2016:

4

Meetings also regularly attended by:

- Philip Jansen*, Chief Executive Officer;
- Andy Doyle*, Chief HR Officer;
- Martyn Fisher, Reward Director;
- Deloitte LLP ('Deloitte').

* Neither attends in respect of matters relating to their own remuneration.

“

Our remuneration philosophy and framework have a strong emphasis on pay for performance and are fully aligned with our strategy.

”

Composition of the Committee

All members of the Committee are Independent Non-Executive Directors. Deanna Oppenheimer was appointed as the third independent member of the Committee on 29 January 2016 on which date Sir Michael Rake, who had been a member of that Committee in the period since the IPO, stood down. John Allan and Martin Scicluna were members of the Committee throughout the year.

Principal activities of the Remuneration Committee during the period

The Board has delegated to the Committee responsibility for reviewing and proposing the appropriate remuneration framework which can attract, retain and motivate key management, whilst ensuring full compliance with best practice expected of FTSE 100 companies. The Group's Remuneration Policy and a report detailing the composition, responsibilities and work carried out by the Remuneration Committee during the period, including an explanation of how it applies the Principles of the Code in respect of Executive Directors' remuneration, is included within the Remuneration report on pages 82 to 95.



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Directors' biographies
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Management Committees

Executive Committee

The Chief Executive Officer leads the Executive Committee, which comprises the most senior business leaders and function heads. It is responsible for the day-to-day management of the Group and meets monthly to focus on a range of issues in relation to the strategic and operational development and performance of the businesses. The biographical details of the members of the Executive Committee are disclosed on pages 62 to 64.

Operating division management teams

The Group's operating divisions (Global eCom, WPUK and WPUS) are managed by their respective CEOs and dedicated management teams. Management team meetings are held monthly to review strategic, operational and financial performance. These meetings are attended by members of the Executive Committee to ensure sufficient oversight and co-ordination on cross-Group developments.

Disclosure Committee

The Disclosure Committee is responsible for implementing and monitoring systems and controls in respect of the management of inside information and the disclosure of such information to the market in accordance with the Company's obligations under the UK Listing Authority's Disclosure and Transparency Rules and the Market Abuse Regulation. The Committee meets to consider the Group's disclosure obligations and to review all results announcements following certification from individual executives from across the Group. The Committee comprises the Chief Executive Officer, who is the Chairman, the Chief Financial Officer, the Chief Operating Officer (previously the Deputy Chief Financial Officer), the Group General Counsel, the Group Financial Controller, the Investor Relations Director and the Group Company Secretary. During the year, the terms of reference of this Committee and the Group's Control of Inside Information Policy were revised in line with the requirements of the Market Abuse Regulation.

Enterprise Risk Management Committee (EMRC) (previously the Group Governance and Control Committee)

Chaired by the CFO, the EMRC provides executive management with a forum to review risk on an enterprise wide basis and provides an escalation point for operating division risks. The Committee also reviews the activities of the Group's assurance functions and operational risk profile and approves the annual Compliance and Risk plans for review by the Group Risk Committee. The membership of this Committee includes executive management, the Chief Risk Officer, the Chief Internal Auditor, the Chief Information Security Officer, the Group Compliance Director and the Group Company Secretary.

Culture and the Worldpay Way

The distillation of a set of everyday working principles and behaviours into the Worldpay Way sets the tone from the top and supports a positive corporate culture. The Worldpay Way, which was developed and launched in 2015, is based on three core elements: 'Work Smart, Be Spirited and Be Supportive'. Since its launch the implementation of the Worldpay Way has been supported through our leadership teams, backed by internal communications and using various training programmes to ensure it becomes and remains embedded throughout the Group. In addition to our core management and technical training, specific training programmes are in place to support our legal and regulatory compliance in areas such as anti-bribery and corruption, anti-money laundering, competition law, data protection and information security. Participation in these training programmes is mandatory; and compliance with their requirements and the output from our annual colleague survey is regularly reviewed by the Executive Committee and the Board to ensure we maintain a positive culture across the organisation.

Launched in 2015, the Group has its own Master's programme qualification in partnership with Middlesex University.

Whistleblowing

The Worldpay Way also includes full details of the Group's whistleblowing helpline, which allows employees to raise matters in confidence, should they not wish to raise them with their line manager or a member of the Executive Committee. All matters raised through the helpline are investigated thoroughly by management and regardless of the outcome, reported to the Group Risk Committee.

Risk management and internal control

A risk aware culture is embedded throughout the organisation with every single employee responsible for the management of risk. The Group's Enterprise Risk Management Framework was reviewed by the Group Risk Committee and relaunched across the organisation.

The Group operates a 'three lines of defence' model, which clearly identifies accountabilities and responsibilities as follows:

1. Business line management has primary responsibility for the management of risk;
2. Risk and Compliance Functions assist management in developing their approach to fulfil their responsibilities; and
3. The Internal Audit function checks that the risk management process and risk management framework are effective and efficient.

Monitoring and reviewing the Group's principal risks is conducted by management on an ongoing basis, with oversight being conducted by the EMRC and Group Risk Committee. Further details of our risk management system and the principal risks of the Group and how they are being managed and mitigated are included in the Principal risks and uncertainties section on pages 33 to 46.

Corporate governance report continued

The Audit Committee oversees the activity of the Group Internal Audit (GIA) function. The role of GIA is to evaluate the effectiveness of the Group's risk management, control and governance processes. As mentioned on page 72, the Audit Committee and management supported the Chief Internal Auditor to re-resource and significantly enhance the skills of the GIA function. This resulted in a major improvement in the quality and coverage of the third line of defence assurance work provided to the Group.

A risk-based internal audit plan is prepared by GIA on an annual basis. The audit plan, which is reviewed and approved by the Audit Committee, considers key risks and emerging strategic risks maintained in the risk registers. In addition, as part of the annual planning cycle, GIA consult with Senior Management across the business, consider the results of previous audits (internal and external) and monitor the implementation status of audit recommendations. This activity ensures that GIA focuses on the most significant risk areas and related key controls.

A formal audit report is issued to the Audit Committee for each internal audit undertaken; this includes an overall rating and clear actions to be undertaken by management to resolve identified control issues. GIA monitors management response to audit recommendations and reports their findings to the Audit Committee.

On a day-to-day basis, the Chief Internal Auditor reports to the Chief Financial Officer. There is a clear reporting line to the Audit Committee Chair and it is the role of the Audit Committee to assess the performance of the Chief Internal Auditor and Group Internal Audit function. This is stated in the Audit Committee terms of reference.

Review of the effectiveness of the risk management and internal control systems

During the year, the Board, through the work of the Group Risk Committee and the Audit Committee, conducted a review of the effectiveness of the Group's system of risk management and internal control in line with the FRC guidance in this area. There is an ongoing process for the identification and evaluation of risk management and internal control processes. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out independently by the external auditor, KPMG, and the Group Internal Audit function. Regular reports on control issues are presented to the Audit Committee by the Chief Internal Auditor. The Board, in reviewing the effectiveness of the system of internal control, can confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Internal control and risk management in relation to the financial reporting process

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports. This process includes:

- The involvement of highly experienced and professional employees;
- Formal sign-offs from appropriate business unit managing directors and finance directors;
- Comprehensive review by key internal Group functions;
- A transparent process to ensure full disclosure of information to the external auditor;
- Engagement of a professional and experienced firm of external auditors;
- Review and challenge by executive management; and
- Oversight by the Group's Audit Committee, involving (among other duties):
 - A detailed review of key financial reporting judgements which have been discussed by management;

- Review and, where appropriate, challenge on matters including:
 - the consistency of, and any changes to, significant accounting policies and practices during the year;
 - significant adjustments resulting from the external audit;
 - the going concern assumption;
 - the viability statement; and
 - the Company's statement on internal control systems.

The above process, which is reviewed by the Audit Committee, provides comfort to the Board when considering whether the Annual Report and Accounts 2016 are fair, balanced and understandable.

Fair, balanced and understandable

The Directors confirm that they consider the Annual Report and Accounts 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In making this confirmation, the Directors took into account their knowledge of the business, which is kept up to date with regular reports, updates and business reviews circulated prior to and discussed at each Board meeting, and supplemented by a variety of written reports, verbal updates and presentations given at Board and Committee meetings as well as a regular flow of information about the business between meetings. The Directors then took into account the thorough preparation and verification process in respect of the Annual Report and Accounts, which included sufficient time for the Directors to review the Annual Report and Accounts 2016 and to feed in their comments to management before approving the document.

Disclosure of information to auditor

Each of the Directors who held office at the date of approval of this Directors' report confirms that; so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and that he/she has taken all steps that he/she ought to have taken as a Director to make him/her aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Board's statement in respect of adopting the going concern basis of accounting is given in Note 1a to the financial statements and on page 111.

Viability

The Board's statement in respect of the Group's longer-term viability is given on page 46.

Shareholder communication and engagement

The Company places considerable importance on dialogue with its shareholders and other market participants to promote mutual understanding. We have an active investor relations programme, in which Board members, senior management and the investor relations team engage with shareholders, potential shareholders and bondholders; and we also have a strong dialogue with sell-side research analysts who provide analysis, commentary, forecasts and recommendations to the market.

The investor relations programme is managed by the investor relations function, and the Chief Executive Officer, the Chief Financial Officer and Vice Chairman in particular are closely involved in the meeting programme. In 2016, we held over 500 face-to-face meetings and conference calls with shareholders and other investors from the UK, continental Europe, North America, the Middle East and Asia. Many of these meetings were arranged either as part of formal investor roadshows or at conferences hosted by investment banks and brokers. In 2016, we organised investor roadshows in the UK (twice), the

US (twice), France (once), and Germany (once), and also attended 17 investment bank/broker conferences, in the UK, the US, and continental Europe. These activities are supplemented by a substantial number of ad hoc meetings, conference calls and day-to-day telephone and email communications.

We recognise the importance of our Board having a strong understanding of shareholder views. Our corporate brokers and the investor relations team make regular reports to the Board of investor perceptions of the Company. These reports also include commentary on market expectations, share price performance and wider peer group and market trends, and feedback from investors and sell-side analysts. The Board also welcomes a direct dialogue with shareholders, and our Group Company Secretary, who acts as the first point of contact in respect of governance related matters, has written to each of our major shareholders to enquire whether they would find it helpful to deepen their ongoing engagement by meeting with either the Chairman and/or the Senior Independent Director. He also wrote to the Company's major shareholders immediately after the publication of the Annual Report and Accounts 2015 and Notice of AGM in case they wished to raise any questions or concerns ahead of lodging their proxy votes.

In January 2016, the Chairman of the Remuneration Committee conducted a consultation with the Group's major shareholders and shareholder representative organisations to gauge their views in respect of the Group's remuneration policy and framework and specifically the proposed performance measures and targets for the next award under the Long Term Incentive Plan (LTIP). The views expressed by shareholders were taken into account when finalising executive remuneration arrangements.

We supplement the programme described above with information provided through our annual report, our website and email, with electronic communications being the primary means of distribution to our shareholders and the market more generally. This arrangement provides significant benefits for shareholders and the Company in terms of timeliness of information, reduced environmental impact and cost. The Group's Annual Report and Accounts are available to all shareholders and can be accessed via the Group's investor site at <http://investors.worldpay.com>. Shareholders may still opt to receive their communications in a paper format. The Group's interim results are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations, with each of our results presentations also being available as webcasts. Enquiries from shareholders and other market participants may also be addressed to the Group's investor relations team through the contacts provided on the Group's website.

Remuneration report

“Our remuneration philosophy and framework continue to have a strong emphasis on pay for performance and are fully aligned with our strategy.”

John Allan, CBE
Chairman of the Remuneration Committee

Shareholder letter

Dear shareholder,

On behalf of the Board, I am pleased to present our Remuneration report for the financial year ended 31 December 2016.

The report has been prepared in three sections:

- This shareholder letter;
- Our policy report which sets out the Director's Remuneration policy for all Directors of Worldpay Group plc. This received more than 99% of votes in favour at our 2016 Annual General Meeting (AGM) and remains unchanged; and
- Our annual report on remuneration which sets out details of how our Directors were paid during the financial year 2016 and how our policy will be implemented in 2017. This part of the report is subject to an advisory shareholder vote at our 2017 AGM.

The Remuneration Committee hopes that you will find the report clear, transparent and informative and that we can rely on your continued support.

Business and remuneration context

Worldpay is a leader in global payments, which is a complex and dynamic market. Our strategy, which is clearly outlined on pages 18 to 21, is designed to deliver sustainable, recurring growth over the medium term by supporting our customers with products and services that enable them to drive their sales and reduce their costs and risk.

One of the key drivers of the Group's success and for the future is the strong, experienced and highly capable management team. Following our listing in October 2015, we have seen a number of changes and additions across the Executive Team (ET). Therefore, it is important that our remuneration philosophy enables us to attract the key talent we need, whether that be through internal promotion or external hires, and incentivises our senior executives in a manner which is aligned to our strategy.

Our approach to remuneration carefully balances best practice for remuneration in a UK-listed environment with the need to ensure that the arrangements in place are competitive in the labour markets in which we compete for talent.

This has resulted in a remuneration model where the majority of the remuneration package is performance based, with both fixed and variable pay set at median levels in comparison to other comparable companies of our size and complexity.

Remuneration highlights of 2016

The main remuneration highlights of 2016 were as follows:

- Very strong shareholder support for the Remuneration policy and report at 2016 AGM, with both receiving over 99% of votes in favour;
- Executive Directors' salaries were frozen in 2016, against an average increase of 2% for UK colleagues. They will receive a 2.5% increase in basic salary from 1 April 2017, which is the same timing and increase being implemented for UK colleagues this year;
- Very strong Group financial performance during the year has led to higher bonuses being paid in respect of 2016 performance, compared to last year. One-third of the 2016 bonuses will be deferred into shares for three years in accordance with the Remuneration policy;
- First grants were made under the new LTIP in March 2016. The second grants will be awarded in March 2017; and
- Save As You Earn (SAYE) scheme was launched in the UK and an all Employee Stock Purchase Plan (ESPP) in the US, both in September 2016. 60% of UK colleagues, and 41% of US colleagues, subscribed to the plan. Such a large vote of confidence in the future of the Group by our colleagues was very well received by your Board.

2016 annual bonus

The annual bonus plan is driven by financial measures relevant to the business. For 2016 performance, the financial measures chosen were equally weighted between a profit and a cash measure. We use Underlying EBITDA (as defined in the footnote to Table 2 on page 91) as the main measure of profit and use a proxy measure for cash that focuses management on the underlying cash generation of the business. The details of this measure are shown later in the report.

In addition to these financial measures, the bonus plan enables the Committee to set key individual strategic objectives which help deliver long-term sustainable growth.

The strong financial performance in 2016 has resulted in high annual bonuses for our Executive Directors. However, the Committee has applied its discretion to reduce the Executive Directors' and all other members of the ET's personal bonus element as a result of the isolated issue that occurred with one of our gateways earlier in the year which affected settlement for a small number of customers. This was not formally included in the agreed objectives at the start of the year and, whilst the Committee were satisfied with management's response, it was felt the issue was material enough for the Committee to exercise its discretion to reduce the final bonus outcomes.

More details are shown in the Remuneration report on page 91 to 92. As outlined in the Remuneration policy, one-third of these sums will be deferred for three years and invested into Worldpay shares.

Performance Share Plan ('PSP')

The long-term incentive arrangements for the Executive Directors are entirely performance-based and fully aligned with best practice for UK-listed companies, including having an additional holding period of up to two years following the end of the three-year performance period. The first awards were made under the plan in March 2016, with our second grant being made in March 2017. The details of the measures and targets are set out in the Remuneration report on pages 92 and 94.

2017 remuneration

- Base salaries for the Executive Directors will be increased by 2.5% effective from 1 April 2017, aligned with the general increase provided to UK colleagues;
- No changes are proposed to the annual bonus for 2017 which will be subject to the same mix of performance measures as in 2016; and
- No changes are proposed to the financial measures used to assess performance under the PSP for 2017 which will remain equally weighted between earnings per share (EPS) and underlying EBITDA. Details of the strategic non-financial measures can be found in the Remuneration report on page 94.

All employee share plans

2016 saw the launch of the Group's first SAYE plan in the UK and ESPP in the US. These two plans cover approximately 90% of our employee base and offer the opportunity for colleagues to save monthly in order to buy Worldpay shares at a discount.

The take up of both plans was extremely positive (60% in the UK and 41% in the US) and indicates a high level of confidence by our employees in the future direction of Worldpay. The Board feels strongly that employees should be shareholders wherever that is possible and believes this further helps align the interests of all colleagues with shareholders.

External developments

The topic of Executive remuneration continues to be widely commented on, both by commentators and institutional shareholders and shareholder bodies. We believe that Worldpay is already demonstrating a high degree of transparency that is expected as being part of the FTSE 100 group of companies. Indeed it is leading the way in terms of bonus target disclosure and establishing parity with other senior managers for key benefits, such as pension.

Being our first full year as a public company, the Committee undertook an independent review of its remuneration risk profile, as well as receiving an update on the forthcoming Gender Pay regulations that are due to come into force during 2017.

As outlined in the Remuneration report, the Committee continues to monitor external best practice to ensure we provide all relevant information to you, our shareholders, so that you retain a high level of confidence that Executive remuneration is approached in a sensible way that both encourages high levels of performance and provides good value for Worldpay.

Shareholder engagement

We engaged with our top 20 shareholders in January 2016 on our proposed remuneration approach and the intended performance measures to be used in our incentive arrangements. We value shareholder feedback and are very encouraged by the support and comments we received. We will continue to engage with shareholders as and when we propose to make any changes to our remuneration arrangements and hope to receive your support for our Remuneration report at our forthcoming AGM.

John Allan, CBE
Chairman of the Remuneration Committee
7 March 2017

Remuneration report
continued

Directors' remuneration policy (approved by shareholders at the 2016 AGM)

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To provide a level of fixed pay which supports the recruitment and retention of Executives of the calibre to deliver the strategy of the business.	<p>Base salaries are reviewed annually typically with effect from 1 April.</p> <p>When determining salary levels, the Remuneration Committee takes account of the following:</p> <ul style="list-style-type: none"> ➤ Pay and conditions of the wider workforce ➤ Individual performance ➤ Competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent. 	<p>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration policy.</p> <p>Salary increases for Executive Directors will normally be aligned with those of the wider workforce.</p> <p>Increases may be made above this level to take account of individual circumstances, which may include:</p> <ul style="list-style-type: none"> ➤ Increases to reflect an individual's development and performance in role. For example, where a new incumbent is appointed on a below-market salary ➤ Increase in the size or scope of the role or responsibilities. 	Not applicable
Pension			
To provide appropriate levels of retirement benefit.	Executive Directors may receive a cash allowance, contributions into the Worldpay pension scheme or a defined contribution scheme, or a combination thereof.	Executive Directors may receive a maximum contribution from the Company of 20% of salary per annum.	Not applicable
Benefits			
To provide a market-competitive level of benefits.	<p>Executive Directors may receive various market-competitive benefits, which may include: a car allowance, use of a driver, reimbursed travel expenses, private medical and annual health check, disability and life assurance.</p> <p>Where appropriate, other benefits may be provided to take account of individual circumstances, such as, but not limited to: expatriate allowances, relocation expense, housing allowance and education support.</p>	Benefits for Executive Directors are set at a level which the Remuneration Committee considers to be appropriate against wider employee benefits as well as competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent.	Not applicable
Annual bonus and deferred annual bonus			
<p>The role of the annual bonus is to incentivise strong financial performance and reward the delivery of the Group's strategy on an annual basis.</p> <p>Deferral into shares provides alignment with shareholders.</p>	<p>Performance is assessed on an annual basis.</p> <p>Targets are set by the Remuneration Committee at the start of the financial year. At the end of the year, the Committee determines the level of bonus to be paid taking into account the extent to which these targets have been achieved.</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control.</p> <p>The annual bonus is normally delivered two-thirds in cash and one-third is compulsorily deferred into shares for a period of at least three years. Executives may elect to voluntarily defer more than one-third of their bonus into shares.</p> <p>Dividend equivalents will be paid in cash or additional shares once the deferred shares are released.</p>	<p>The maximum annual bonus opportunity is 200% of base salary per annum.</p> <p>The current maximum bonus levels applying to each of the Executive Directors are included in the Remuneration report on page 94.</p>	<p>Bonuses are based on a combination of stretching annual financial and non-financial/strategic performance measures, with the majority of the bonus assessed against financial measures.</p> <p>The Remuneration Committee will determine the weighting between different metrics each year according to business priorities.</p> <p>For target performance, up to 50% of the maximum bonus opportunity may be received. Further details, including the performance measures set for each year, are disclosed in the Remuneration report on page 94.</p>

Purpose and link to strategy	Operation	Opportunity	Performance measures
Performance Share Plan ('PSP')			
<p>The role of the PSP is to incentivise and reward Executive Directors for achieving the long-term performance objectives of the Group which are aligned to the strategic goals.</p> <p>The PSP also acts as a retention tool.</p>	<p>Awards under the PSP will normally be made in the form of nil cost options over shares but may be made in other forms such as conditional or forfeitable shares or a payment made in cash.</p> <p>Awards will be calculated based on a percentage of salary and the market share price at grant in accordance with the rules.</p> <p>Prior to awards being granted each year, the performance conditions and targets are set to ensure they remain appropriately stretching and aligned to the strategy of the Group.</p> <p>The PSP has a performance period of at least three years and a minimum vesting period of three years. Awards will normally be subject to an additional holding period with 50% of the award being received after four years and the remaining 50% after five years.</p> <p>Dividend equivalents may be paid in cash or additional shares on PSP awards that vest.</p> <p>The Committee has discretion to adjust the formulaic outcome of the PSP to ensure the outcome takes account of any major changes to the Group (e.g. as a result of mergers and acquisitions) and is a fair reflection of the performance of the Group.</p>	<p>The maximum PSP opportunity under the plan is 300% of base salary per annum.</p> <p>The current PSP opportunities applying to each of the Executive Directors are included in the Remuneration report on page 94.</p>	<p>Vesting of the PSP is subject to continued employment during the performance period and the achievement of key financial and strategic performance conditions which are aligned to the Group's strategic plan.</p> <p>At least 50% of a PSP award will be based on financial metrics.</p> <p>Threshold performance will result in up to 25% of a PSP award vesting. No part of a PSP award will vest for performance below the threshold.</p> <p>Further details, including the performance targets attached to the PSP in respect of each year, are disclosed in the Remuneration report on page 94.</p>
All-employees share plans			
SAYE and ESPP			
<p>Provides all UK and US employees, including Executive Directors, the opportunity to voluntarily invest in Company shares and be aligned with the interests of shareholders.</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates.</p>	<p>UK and US employees may be eligible to participate in this Government-approved employee share scheme, which is operated in line with HMRC/IRS requirements.</p>	<p>Employees are limited to saving a maximum in line with relevant limits.</p>	<p>Not applicable</p>
Share Incentive Plan ('SIP')			
<p>Provides all employees, including Executive Directors, the opportunity to receive and invest in Company shares and be aligned with the interests of shareholders.</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates.</p>	<p>UK employees may be eligible to participate in this HMRC-approved employee share scheme.</p> <p>This plan is presently not in use and there are no plans to utilise this plan in 2017.</p>	<p>The maximum opportunity for awards will be set in line with HMRC limits.</p>	<p>Not applicable</p>
Legacy plans			
Transition Award Plan			
<p>The role of the Transition Award Plan is to provide a strong alignment with shareholders and act as a retention tool during the initial years of Worldpay as a listed company.</p>	<p>Awards under the Transition Award Plan were made on a one-off basis upon listing in October 2015.</p> <p>Executive Directors are required to hold at least 100% of basic salary in Worldpay Group plc shares for 36 months from the Admission Date as well as be subject to continued employment.</p> <p>Dividend equivalents may be paid in cash or additional shares on awards under the Transition Award Plan that vest.</p>	<p>833,333 shares were awarded to the Chief Executive Officer.</p> <p>416,666 shares were awarded to the Chief Financial Officer.</p> <p>416,666 shares were awarded to the Vice Chairman and Executive Director.</p>	<p>Not applicable</p>

Remuneration report continued

Notes to the policy table Payments outside policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed: (1) before the policy came into effect; or (2) at a time when the relevant individual was not a Director of the Company, and in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

Clawback and malus

The Committee has the discretion to scale back (known as 'malus') Deferred Share Awards made under the Annual bonus plan, Performance Share Plan awards and awards under the Transition Award Plan prior to the satisfaction of awards in the event that results are materially misstated, there is gross misconduct or significant reputational damage has occurred.

Where Deferred Share Awards made under the annual bonus plan, Performance Share Plan awards or awards under the Transition Award Plan have vested, the Committee has discretion to 'clawback' awards up to the fifth anniversary of the grant of the awards in the circumstances described above.

Cash bonuses can also be 'clawed back' in the circumstances described above up to the third anniversary of payment.

Performance measure selection and approach to target setting Annual bonus

The annual bonus performance measures are selected to provide an appropriate balance between incentivising Executive Directors to meet the key financial targets of the Group for the year and incentivising them to achieve specific strategic objectives. The particular measures each year are chosen to ensure focus on the key objectives aligned with the Group's strategy in each financial year.

PSP

In respect of the PSP, the Committee regularly reviews the performance measures to ensure that they are aligned with the Group's long-term strategic plan and with our shareholders' interests over the longer term.

Targets for both the annual bonus and PSP are reviewed annually against a number of internal and external reference points. Targets are set on a sliding scale at levels the Committee considers to be appropriately stretching for the level of award delivered.

Remuneration policy for other employees

The remuneration policy for Executive Directors in general is more heavily weighted towards variable pay than for other employees. The majority of employees participate in an annual bonus plan, but PSP awards are only made to the most senior (circa 80) individuals in the Group. Individuals below this level may receive annual awards of restricted stock which vest after three years.

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels for comparable roles in comparable companies.

All UK employees may be eligible to participate in the Company's SAYE and SIP plans on identical terms and those outside of the UK in comparable plans where appropriate.

Shareholder alignment

The Committee recognises the importance of aligning Executive Directors' and shareholder interests through building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of five years and retain these until retirement from the Board of Directors. The shareholding requirement is 300% of salary for the CEO and 200% of salary for all other Executive Directors. Details of the Executive Directors' current personal shareholdings are provided on page 95.

Scenario analysis

The charts on the following page provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'.

Non-Executive Director remuneration

The Chairman and Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code (September 2014) guidelines, all Directors are subject to re-election annually at the AGM.

It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the Company's bonus, long-term incentive or pension schemes.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table on the following page.

Scenario analysis
(£'000)

Philip Jansen, Chief Executive Officer

Minimum	100%	1,054							
Target	46%		36%	18%	2,329				
Maximum	24%				38%		38%	4,454	

Rick Medlock, Chief Financial Officer

Minimum	100%	608							
Target	51%	33%	16%	1,196					
Maximum	28%		37%		35%	2,158			

Ron Kalifa, Vice Chairman and Executive Director

Minimum	100%	584							
Target	51%	33%	16%	1,142					
Maximum	28%		37%		35%	2,057			

Fixed pay	Bonus	LTIP
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The scenario analysis charts are based on the following assumptions:

Minimum – Base salary as at 31 December 2016 plus pension and fixed allowances.

Target – Minimum plus Target annual bonus (including deferred element and represents 50% of maximum bonus) plus Threshold LTIP opportunity (25% of maximum).

Maximum – Minimum plus Maximum annual bonus (including deferred element) plus Maximum LTIP opportunity.

Non-Executive Director remuneration

Component and objective	Approach of the Company
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial experience relevant to the Company.	<p>The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chairman and CEO. The fees of the Chairman are determined by the Remuneration Committee.</p> <p>Additional fees are payable for acting as Senior Independent Non-Executive Director and as Chairman of the Audit, Remuneration and Group Risk Committees. Members of the Audit, Remuneration, Nomination and Group Risk Committees also receive an additional fee.</p> <p>Fee levels may be reviewed annually. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 100 companies. Time commitment and responsibility are also taken into account when reviewing fees.</p> <p>Chairman and Non-Executive fees are paid in cash.</p> <p>The Company reimburses the Chairman and Non-Executive Directors for reasonable expenses incurred in performing their duties and may settle any tax incurred in relation to these duties. For any Non-Executive Director that is based overseas, the Company will meet travel and accommodation expenditure as required to fulfil Non-Executive duties.</p> <p>The fees paid to the Chairman and Non-Executive Directors in respect of the year under review are disclosed in the Remuneration report on page 92.</p> <p>Aggregate fees are limited to £3.0m by the Company's Articles of Association.</p>

Remuneration report

continued

Approach to recruitment remuneration

External appointment

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time. This may include factors such as the calibre of the individual, the jurisdiction the candidate was recruited from, the candidate's current reward opportunity and the scope of the role to which they are being appointed.

Typically, the package will be aligned to the Company's remuneration policy as set out above. However, should there be a commercial rationale for doing so, the Remuneration Committee has the discretion to include any other remuneration elements which are not included in the ongoing Remuneration policy, subject to the overall limit on variable remuneration set out below. The Committee does not intend to use this discretion to make non-performance incentive payments and is always mindful of the need to pay no more than is necessary.

The overall limit of variable remuneration is as set out in the policy table taking into account the maximum value of the annual bonus and the maximum awards under the PSP (i.e. 500% of salary combined).

The Committee may make an award in respect of a new appointment to 'buy-out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above the maximum limit on variable remuneration set out above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the time over which they would have vested. The intention is that the value of any buy-out award would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for

external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Executive Director Remuneration policy at the time of appointment.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee uses the policy as set out in the table on page 87. A base fee in line with the current fee schedule would be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director, as Chairman of the Audit, Remuneration and Group Risk Committees, and for being a member of the Audit, Remuneration, Nomination and Group Risk Committees.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice. This practice will also apply for any new Executive Directors.

In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary, benefits in kind and pension rights during the notice period. Termination payments may take the form of payments in lieu of notice. Payments would be made on a phased basis and subject to mitigation, in order to limit the potential cost to the Company.

Copies of Executive Director service contracts are available to view at the Company's registered office.

If the employment is terminated by the Company, the Remuneration Committee retains the discretion to settle any other amounts reasonably payable to the

Executive Director including legal fees incurred in connection with the termination and fees for outplacement services.

The Company's policy on any termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the Executive Director's service contract and the circumstances of the termination.

The table opposite summarises how awards under each incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

External appointments

With the approval of the Board of Directors in each case, and subject to the overriding requirements of the Company, Executive Directors may accept one external appointment as a Non-Executive Director of another company and retain the fees paid in this role. Details of external appointments and the associated fees received are included in the Remuneration report on page 93.

Consideration of conditions elsewhere in the Company

The Committee does not consult with employees specifically on Executive Director remuneration policy. However, the Committee considers pay practices across the Group and is mindful of the salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the AGM each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. This feedback, and any additional feedback received from time to time, will then be considered as part of the Company's annual review of remuneration. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Awards under each incentive plan

Reason for cessation	Timing for vesting payment	Calculation of vesting payment
Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable	No bonus to be paid for the financial year.
All other circumstances	Following the end of the financial year at the usual bonus payment date	Bonuses will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis for the period employed.
Deferred shares		
Termination for 'cause'	Not applicable	Awards lapse.
Any other circumstances	At the end of the normal vesting period	Awards will vest in full at the end of the deferral period.
PSP		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse.
Ill-health, injury, permanent disability, or any other reason that the Committee determines in its absolute discretion	After the end of the relevant performance period	The Committee determines whether, and to what extent, outstanding awards vest based on the extent to which performance conditions have been achieved and pro-rate to take into account the proportion of the performance period in employment.
Death	As soon as possible after date of death	Unvested awards will fully vest.
Change of control	On change of control	<p>Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period not completed, unless the Committee decides otherwise.</p> <p>Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.</p>
Transitional awards		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse.
Ill-health, injury, permanent disability, or any other reason that the Committee determines in its absolute discretion	After the end of the vesting period	Awards would vest at the end of the vesting period, but be reduced to reflect the proportion of the vesting period in employment.
Death	As soon as possible after date of death	Unvested awards will fully vest.
Change of control	On change of control	<p>Awards will vest but be reduced pro-rata to take into account the proportion of the vesting period completed, unless the Committee decides otherwise.</p> <p>Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.</p>

Remuneration report

continued

Annual report on remuneration

The following section provides details of how our Remuneration policy was implemented during the year ended 31 December 2016.

Remuneration Committee membership in 2016

As of 31 December 2016, the Remuneration Committee was made up of the following three Non-Executive Directors:

1. John Allan (Chairman)
2. Martin Scicluna
3. Deanna Oppenheimer (appointed 29 January 2016)

The Chairman (Sir Michael Rake) was a member of the Committee until 29 January 2016.

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly; are linked to corporate and individual performance;

and take account of the generally accepted principles of good governance.

The Committee determines and recommends to the Board:

- The Group's policy on executive remuneration;
- The annual report on remuneration to be approved by shareholders; and
- In respect of the Chairman, the Executive Directors and the ET members determines:
 - Terms and conditions of employment, including the Executive Directors' service agreements;
 - The level of remuneration (including base salary, benefits, pension, annual bonus and long-term incentives); and
 - Performance measures and targets for annual bonus and long-term incentive plans.

The Chairman of the Board of Directors and the CEO are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors. Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

During 2016, the Remuneration Committee held four meetings. The key agenda items discussed at each of the meetings are shown in the table below.

Advisors

Deloitte LLP were appointed as advisors to the Remuneration Committee on 8 December 2015 following the listing of the Company and remained advisors to the Committee during 2016. Deloitte LLP is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Code of Conduct in relation to Executive Directors' remuneration consulting in the UK. Fees paid to Deloitte as advisors to the Remuneration Committee for the year ending 31 December 2016 amounted to £33,550.

Single total figure of remuneration for Executive Directors (audited)

Table 1 opposite sets out a single figure for the total remuneration received by each Executive Director for 2016. The values shown in respect of 2015 are from their date of appointment as Directors of Worldpay Group plc on 3 July 2015 to 31 December 2015. The values of each element of remuneration are based on the actual value delivered, where known.

Key agenda items discussed at each of the Remuneration Committee meetings

Meeting date	Standard agenda items	Additional items
28 January 2016	<ul style="list-style-type: none"> ➤ Approve 2016 financial bonus targets ➤ Review draft ET personal outcomes from prior year ➤ Approve 2016 ET personal objectives ➤ Review draft PSP targets for March grant 	<ul style="list-style-type: none"> ➤ Approval of departing Persons Discharging Managerial Responsibility ('PDMR') terms ➤ Approval of promoted PDMR terms
3 March 2016	<ul style="list-style-type: none"> ➤ Approve new ET salaries and bonuses ➤ Approve Remuneration policy and 2016 Annual report on remuneration. ➤ Approve LTIP grants and PSP targets 	Not applicable
27 July 2016	<ul style="list-style-type: none"> ➤ Latest view on bonus and PSP outcomes ➤ Update on market developments in Executive remuneration (including legislation and regulation) 	<ul style="list-style-type: none"> ➤ Approval of new PDMR terms ➤ Gender pay gap ➤ Dutch variable pay cap ➤ Commission independent risk review
13 December 2016	<ul style="list-style-type: none"> ➤ Latest view on present year bonus and PSP outcome ➤ Approve 2017 draft bonus targets and salary budget ➤ Review draft PSP measures for 2017 grant ➤ Review 2017 draft ET personal objectives ➤ Approve approach to the Remuneration report to be included in the Annual Report and Accounts 2016 	<ul style="list-style-type: none"> ➤ Approval of new PDMR terms ➤ Independent remuneration risk review

Table 1: Single total figure of remuneration for Executive Directors (audited)

The table below compares the earnings in the full financial year of 2016 with the six months between July and December 2015.

Name	Base salary	Taxable benefits ¹	Annual bonus ²	LTIP	Other ³	Pension benefit ⁴	Total
Philip Jansen							
2016	£850,000	£30,381	£1,554,400	n/a	n/a	£170,000	£2,604,781
2015 (from date of appointment – July 2015)	£387,882	£15,599	£637,500	n/a	£2,000,000	£67,122	£3,108,103
Rick Medlock							
2016	£500,000	£4,234	£731,500	n/a	n/a	£100,000	£1,335,734
2015 (from date of appointment – July 2015)	£250,000	£3,028	£300,000	n/a	£1,000,000	£50,000	£1,603,028
Ron Kalifa⁵							
2016	£475,000	£10,653	£695,000	n/a	n/a	£95,000	£1,275,653
2015 (from date of appointment – July 2015)	£228,032	£6,209	£294,550	n/a	£1,000,000	£42,122	£1,570,913

1 Taxable benefits consist primarily of car allowance, private medical insurance, life assurance and private health insurance where applicable.

2 Payment for performance during the year includes cash and deferred elements. See Table 3 below for details.

3 The values reflect the awards the Executive Directors received under the Transition Award Plan upon IPO which will vest in October 2018 subject to continued employment and a shareholding requirement.

4 Pension benefits in the year comprised of 20% of base salary. Between 3 July 2015 and 31 August 2015, the pension allowance of the CEO, CFO and Vice Chairman and Executive Director were 10%, 20% and 15% respectively.

5 In 2015, Ron Kalifa additionally received a cash payment of £198,065 plus 157,905 Worldpay Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy S.C.A.. The shares are locked in and may only be sold accordingly: one-third for 12 months; one-third for 24 months; and the final third for 36 months.

Incentive outcomes for the year ended 31 December 2016 (audited) Annual bonus in respect of 2016 performance

The CEO had a target bonus opportunity of 100% of base salary and the other Executive Directors a target bonus opportunity of 80% of salary. If maximum performance is achieved, twice the target bonus opportunity may be received. The payments under the annual bonus for 2016 will be made two-thirds in cash and one-third in shares, deferred for three years.

For 2016, the annual bonus was assessed taking into account both financial and personal performance on an additive basis. Financial performance was assessed against Underlying EBITDA and Cash (E-C-S (see Table 2, footnote 2)) performance targets, each with a 37.5% weighting.

Table 2 opposite provides a summary of the level of performance achieved against each of the financial targets set. The annual bonus payments for each Executive Director have been calculated as shown in Table 3 opposite.

Table 2: Summary of the level of 2016 performance achieved against each of the financial targets set (audited)

Measure	Weighting	Actual	Threshold (25%)	Target (50%)	Maximum (100%)	Outcome
Underlying EBITDA ¹	37.5%	£467.6m	£434.0m	£442.0m	£450.0m	100%
E-C-S ²	37.5%	£202.3m	£187.2m	£195.2m	£203.3m	93.8%
Final outcome	75%					96.9%

1 Underlying EBITDA: earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are explained in the Financial review on pages 54 to 55.

2 E-C-S: Underlying EBITDA less capital expenditure less certain separately disclosed items, which acts as a proxy for cash.

Table 3: Annual bonus payments for Executive Directors (audited)

Executive	Maximum bonus opportunity (% of salary)	Financial (75%)			Personal (25%)			Actual bonus (% of salary as at 31 Dec 2016)
		Maximum (% of salary)	Outcome (% of maximum)	Outcome (% of salary)	Maximum (% of salary)	Outcome (% of maximum)	Outcome (% of salary)	
Philip Jansen	200	150	96.9	145.4	50	75	37.5	182.9
Rick Medlock	160	120	96.9	116.3	40	75	30.0	146.3
Ron Kalifa	160	120	96.9	116.3	40	75	30.0	146.3

Remuneration report continued

The personal outcomes outlined in Table 3 were in consideration of the achievement of key strategic objectives set at the start of the financial year. The precise details of the objectives are considered commercially sensitive. However, the main focus of each of the objectives was as follows:

- Launch of the New Acquiring Platform with live customers;
- Driving divisional strategic priorities and key deliverables, with key innovation development;
- Responding successfully to regulatory and scheme changes; and
- ➔ Building a high performance culture across the whole Group.

The personal performance of each Executive Director was very strong in 2016. However, the Remuneration Committee supported management's recommendation that their personal bonus outcomes should be reduced and determined that only 75% of this element of the bonus should be paid, in order to reflect the ET's joint responsibility for the isolated issue that occurred on one of our gateways earlier in the year, which affected settlement for a small number of customers.

Single total figure of remuneration for Non-Executive Directors (audited)

Table 4 opposite sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2016.

Scheme interests awarded during the year (audited)

The first awards were made under the Worldpay PSP in March 2016 as set out in Table 5 opposite.

To provide further alignment with shareholders over the longer term, any awards that vest will be subject to an additional holding period. Half of the shares will be released on the fourth anniversary of the date of grant and the remaining half released after five years.

Table 4: Single total figure of remuneration for Non-Executive Directors (audited)

Non-Executive Director	2016 fees	2015 fees from date of appointment (Sept 2015)
Sir Michael Rake	£425,000	£141,667
John Allan ^{1,2}	£130,000	£43,333
Martin Scicluna ²	£160,000	£53,333
Deanna Oppenheimer ^{3,5}	£121,667	n/a
Karen Richardson ^{4,5}	£57,500	n/a
Robin Marshall	None	None
James Brocklebank	None	None

- 1 In 2015, John Allan additionally received a cash payment of £265,663 plus 211,799 Worldpay Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy S.C.A.. Two-thirds of these shares are locked in until October 2017.
- 2 In connection with the reorganisation that took place prior to the IPO, in 2015 John Allan and Martin Scicluna waived their respective entitlements to any interest in Contingent Value Rights ('CVRs') a separate class of shares in the Company, in order to recognise the obligations and responsibilities associated with their role as Independent Non-Executive Directors. John Allan and Martin Scicluna received one-off payments from AB JV Global S.à.r.l (the then ultimate parent Company of the Company) of £1.9m and £365,000 respectively. At the time they were made, these lump sum payments were not referable to the potential value of the CVRs, which did not have any value for accounting purposes. 50% of the after-tax proceeds from these lump sum payments were reinvested in ordinary shares, in respect of which they were entered into a 365-day lock-up agreement with the Company and the Underwriters to the IPO.
- 3 Deanna Oppenheimer was appointed as a Non-Executive Director and Chairman of the Group Risk Committee on 1 January 2016. She was then appointed a member of the Remuneration Committee from 29 January 2016 and a member of the Nomination Committee from 1 October 2016.
- 4 Karen Richardson was appointed as a Non-Executive Director and a member of the Nomination and Audit Committees on 1 July 2016. She was then appointed a member of the Group Risk Committee from 1 October 2016.
- 5 Inclusive of the disturbance allowance, which was introduced effective 1 July 2016.

Table 5: Scheme interests awarded during the year (audited)

Executive	Date of grant	Number of shares awarded	Share price ¹	Face value of award	End of performance period
Philip Jansen					
2016	18/03/2016	602,409	£2.822	£1,700,000	18/03/2019
Rick Medlock					
2016	18/03/2016	265,768	£2.822	£750,000	18/03/2019
Ron Kalifa					
2016	18/03/2016	252,480	£2.822	£712,500	18/03/2019

- 1 The share price on the date of award was used to determine the number of shares awarded.

Awards are subject to the following performance conditions:

Measure	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)
Cumulative EPS	37.5%	26.0p	30.0p
Underlying EBITDA growth	37.5%	8% p.a.	12% p.a.
Strategic measures:			
Customer: Net SME adds	12.5%	30,000	40,000
New Technology Platform	12.5%	Complete customer migration by 1 January 2018	Complete customer migration by 1 July 2017

Review of past performance**Historical Total Shareholder Return ('TSR') performance**

The graph opposite shows the TSR of the Company and the FTSE 100 Index over the period from Admission on 16 October 2015 to 31 December 2016. The index was selected on the basis that the Company is a member of the FTSE 100 Index.

The graph shows the growth in the value of a hypothetical holding of £100 invested at admission to 31 December 2016.

Percentage change in CEO remuneration

Table 7 opposite provides a summary of the percentage change in remuneration during 2016 of the CEO in comparison to UK colleagues.

Relative importance of spend on pay

There were no share buybacks implemented in 2016. The dividends paid in 2016 were £12.9m. For comparison, the total employee expenditure was £340.0m as set out in Note 2c to the financial statements.

Exit payments made in the year (audited)

No exit payments were made during the year (2015: none).

Payments to past Directors (audited)

No payments were made to past Directors in the year (2015: none).

External appointments

Philip Jansen acts as an advisor to Bain Capital, for which he received a fee of £112,500 in 2016. He is no longer a paid advisor to Cucina Investments (UK).

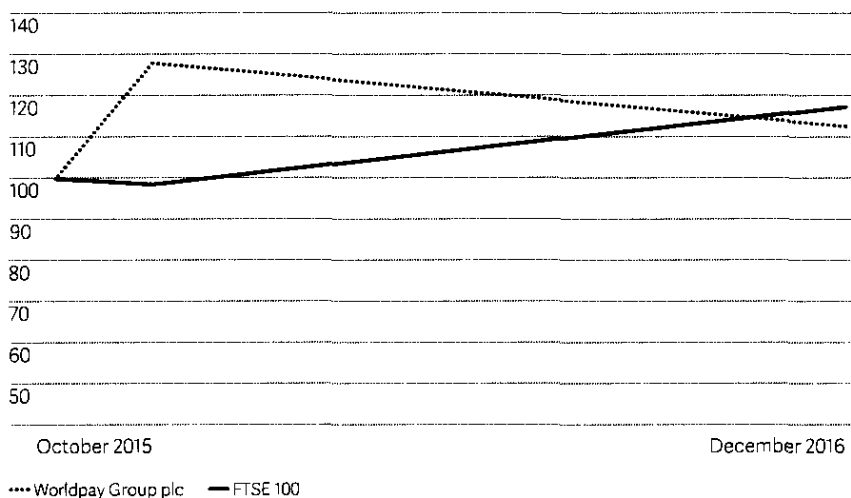
Ron Kalifa is a Director of Trust 441 (Visa) and the fees are paid directly to Worldpay. Ron is a Non-Executive Director of QIWI plc and received a gross amount of US\$164,514 in fees in 2016. Ron was appointed to the Board of Transport for London in September 2016 and received a gross amount of £7,977 in fees in 2016. Additionally, Ron has been an Operating Partner of Advent International since September 2016, for which no fees are received.

Performance graph and table of CEO pay**Table 6: Chief Executive Officer's historic pay**

Remuneration element	Year ended 31 December 2016	3 July 2015 to 31 December 2015
CEO single figure of remuneration	£2,604,781	£3,108,103
Annual bonus award against maximum opportunity	91%	75%
PSP award against maximum opportunity	n/a	n/a

Historical TSR Performance

Value of £100 invested at the share price at listing on 16 October 2015

**Table 7: Percentage change in CEO remuneration**

Remuneration element	CEO	Other employees
Salary	0%	2.0%
Benefits	(11.6%)	2.0%
Bonus ¹	21.9%	25.3%

¹ Comparing the 2015 and 2016 full year bonuses.

Remuneration report
continued**Implementation of Executive Director remuneration policy for 2017****Base salary**

Base salaries were set at listing taking into account competitive practice for similar roles in other FTSE 100 companies of a similar size as shown in Table 8 opposite. The salaries of the Executive Directors remained unchanged for the duration of 2016. The Committee has reviewed these salaries to ensure they are competitive and reflect the Company's desired market position. As a result of this review, it was agreed that a 2.5% increase would be appropriate, which aligns with other UK colleagues.

Pension

All Executive Directors receive a cash allowance of 20% of salary in lieu of a pension contribution.

Annual bonus

For 2017, the CEO will have a maximum bonus opportunity of 200% of salary. The other Executive Directors will have a maximum bonus opportunity of 160% of salary. 50% of the maximum bonus opportunity will be paid for on-target performance.

Two-thirds of any bonus paid will be received in cash with the remaining third being deferred into Worldpay Group plc shares for a period of three years.

The annual bonus for 2017 will be based on the following measures and weightings:

Measure	Weighting
Underlying EBITDA	37.5%
E-C-S	37.5%
Personal objectives	25.0%

We intend to disclose the targets in respect of each financial metric on a retrospective basis at the same time as the performance outcome is disclosed in the Remuneration report after the end of each financial year.

Table 8: Base salaries of the Executive Directors

Executive Director	From 1 April 2017	2016 base salary
Philip Jansen	£871,000	£850,000
Rick Medlock	£512,000	£500,000
Ron Kalifa	£486,000	£475,000

Table 9: Performance measures to be used to assess the LTIP award granted in 2017

Measure	Weighting	Threshold target (25% vesting) ¹	Maximum target (100% vesting) ¹
Cumulative EPS	37.5%	32.0p	38.0p
Underlying EBITDA growth	37.5%	8.5% p.a.	12.5% p.a.
Strategic measures:			
Customer: Net Promoter Score	15.0%	Improvements across all three divisions. NPS is measured in a quantitative manner. Outcomes will be explained at the end of the performance period.	
Colleagues: Engagement Score	10.0%	Improvements across the whole Group. Engagement is measured in a quantitative manner. Outcomes will be explained at the end of the performance period.	

¹ Awards will vest on a straight-line basis between the Threshold and Maximum target.

Cash bonuses may be clawed back up to the third anniversary of payment and any deferred share awards may be subject to malus and/or clawback up to the fifth anniversary of the date of grant, in the event that results are materially misstated, there is gross misconduct, or there is significant reputational damage.

Worldpay PSP

For 2017, the CEO will receive an award under the Worldpay PSP with a maximum opportunity of 200% of salary. The maximum opportunity for other Executive Directors will be 150% of salary.

The PSP award granted in 2017 will be assessed against the following performance measures and targets which will be measured over three financial years, as shown in Table 9 above.

EPS and Underlying EBITDA have been selected as measures as they are the financial performance measures which will most closely reward the delivery of our growth strategy.

The strategic measures for the PSP awards to be made in 2017 will reward progress made in relation to both customers and colleagues. With a higher weighting on customers, we use Net Promoter Score (NPS) across each of our three divisions to measure customer satisfaction. Due to the different customer profiles of our divisions, the methodology varies across the Group. Colleague engagement is measured consistently across the whole Group. The progress made at the end of the performance period for both customers and colleagues will be assessed by the Committee and outlined in the relevant Annual Report at that time. Due to the sensitive nature of the absolute values, the precise targets will not be published. However, the performance target ranges have been set at stretching levels with maximum vesting only occurring for significant improvements.

To provide further alignment with shareholders over the longer term, any awards that vest for the members of the ET will be subject to an additional holding period. Half of the shares will be released on the fourth anniversary of the date of grant and the remaining half released after five years.

Awards under the PSP may be clawed back up to the fifth anniversary of the date of grant in the event that results are materially misstated, there is gross misconduct, or there is significant reputational damage.

Implementation of Non-Executive Director remuneration policy for 2017 Chairman and Non-Executive Director fees

The fees payable to the Chairman of the Board of Directors and other Non-Executive Directors are outlined in Table 10 opposite. They are not anticipated to change in 2017.

Executive Directors' shareholding requirements (audited)

In line with Worldpay's remuneration policy, the CEO is required to hold shares in the Company equivalent to 300% of base salary (200% of salary for other Executive Directors). They have five years over which to reach this shareholding requirement.

Table 11 opposite shows the shareholding of each Executive Director, and any relevant connected persons, against their respective shareholding requirement as at 31 December 2016.

Non-Executive Directors' shareholding (audited)

Table 12 opposite shows the shareholdings of each Non-Executive Director and their connected persons as at 31 December 2016.

No further shares were acquired by the Non-Executive Directors between 31 December 2016 and 7 March 2017.

Summary of shareholder voting at the 2016 Annual General Meeting

Table 13 opposite shows how shareholders voted in respect of the Remuneration report and Remuneration policy at the AGM held on 10 May 2016.

Table 10: Chairman and Non-Executive Director fees

Role	2016 fee ²
Chairman ¹	£425,000
Non-Executive Director basic fee	£70,000
Chairman of Committees (Audit, Group Risk, Remuneration)	£30,000
Member of Committees (Audit, Group Risk, Remuneration, Nomination)	£10,000
Senior Independent Director	£30,000
Disturbance allowance for non-UK based Non-Executive Directors	£20,000

¹ Inclusive of all Board fees.

² Fees remain unchanged from 2015, except for the introduction of the disturbance allowance for non-UK based Non-Executive Directors from July 2016.

Note:

Robin Marshall and James Brocklebank were not entitled to an annual fee.

Table 11: Executive Directors' shareholding at 31 December 2016 (audited)

Executive	Shares owned outright or vested ¹	Unvested shares not subject to performance	Unvested shares subject to performance	Current shareholding (% salary) ²	Shareholding guideline (% salary)
Philip Jansen ³	7,518,694	833,333	602,409	2,387%	300%
Rick Medlock ³	5,408,196	416,666	265,768	2,919%	200%
Ron Kalifa ³	5,742,171	416,666	252,480	3,263%	200%

¹ Vested shares remain subject to a time-based lock-in, whereby one-half are available in October 2017 and one-half in October 2018, except in the case of Rick Medlock and Ron Kalifa, who hold 1,667,640 and 673,056 shares respectively, which are no longer subject to a time-based lock in.

² Based on a year end share price of £2.699.

³ In addition, Philip Jansen, Rick Medlock and Ron Kalifa have an indirect interest respectively in 14,509, 9,829 and 6,770 CVRs in the Company. Information in respect of this class of shares is given in Notes 5f and 5i on pages 141 and 142.

Table 12: Non-Executive Directors' shareholding (audited)

Non-Executive Director	Total number of shares owned as at 31 December 2016	Total number of shares owned as at 31 December 2015
Sir Michael Rake	83,333	83,333
John Allan ¹	1,910,913	2,652,125
Martin Scicluna ¹	304,099	495,808
Deanna Oppenheimer	30,000	n/a
Karen Richardson	None	n/a
Robin Marshall	n/a	None
James Brocklebank	n/a	None

¹ All vested shares remain subject to a time-based lock-in until October 2017, except for 280,458 for John Allan.

Table 13: Summary of shareholder voting at the 2016 Annual General Meeting

Non-Executive Director	Votes for (%)	Votes against (%)
Approve the Remuneration policy	99.7%	0.3%
Approve the 2015 Remuneration report	99.2%	0.8%

Other corporate disclosures

As permitted by legislation, some of the matters normally included in this report have instead been included in the Strategic report on pages 6 to 57 as the Board considers them to be of strategic importance. Specifically, these relate to the Company's business model and strategy, future business developments and risk management. The Corporate governance report on pages 65 to 81 and Remuneration report on pages 82 to 95 are incorporated in this report by reference.

Relationship Agreement with Ship Global

In accordance with the Listing Rules, on 12 October 2015, the Company entered into a Relationship Agreement with Ship Global 2 & Cy S.C.A. (Ship Global), which was, at the time, a significant shareholder of the Company holding 48.72% total voting rights in the Company. The principal purpose of the Relationship Agreement was to ensure that the Company was capable of carrying on its business independently of Ship Global.

Advent and Bain, who are associates of Ship Global, were each entitled under the Relationship Agreement to appoint one Non-Executive Director to the Board for as long as Advent and Bain were respectively entitled to exercise, or to control, directly or indirectly, 10% or more of the votes at general meetings of the Company. The nominee Directors, James Brocklebank in respect of Advent and Robin Marshall in respect of Bain, were appointed on 5 November 2013 when the Company was privately owned and remained as Directors on the Board of the Company post-IPO pursuant to the Relationship Agreement.

On 12 April 2016, Ship Global reduced its percentage holding of voting rights from 48.72% to 28.22% following a disposal of ordinary shares in the Company, resulting in Ship Global no longer being a controlling shareholder of the Company.

On 9 September 2016, Ship Global further reduced its percentage holding of voting rights from 28.22% to 10.72% following a disposal of ordinary shares in the Company. In accordance with the Relationship Agreement, Advent and Bain ceased to be entitled to appoint Directors to the Board of the Company. Accordingly, the nominee Directors James Brocklebank and Robin Marshall resigned from the Board of Directors of the Company with immediate effect.

On 2 February 2017, Ship Global sold its 10.72% holding of voting rights in the Company at a price of 282.75p per share thereby resulting in Ship Global no longer being a shareholder of the Company.

Upon completion of the share sale by Ship Global, on 6 February 2016, the Relationship Agreement automatically terminated.

Directors' appointment, conflicts of interest and powers of Directors Directors' appointment

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006, and related legislation. Directors may be appointed by the Company by ordinary resolution or by the Board, on recommendation of the Nomination Committee.

A Director appointed by the Board holds office only until the following Annual General Meeting and is then eligible for election by shareholders. The Company may, in accordance with and subject to the provisions of the Companies Act 2006, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his or her term of office.

Further information on the appointments to the Board is set out in the Corporate governance report on page 67.

The current Directors were appointed to Worldpay Group plc on the date shown against their names:

Director	Appointment date
Sir Michael Rake	1 September 2015
Philip Jansen	3 July 2015
Rick Medlock	3 July 2015
Ron Kalifa	3 July 2015
Martin Scicluna	8 September 2015
John Allan	8 September 2015
Deanna Oppenheimer	1 January 2016
Karen Richardson	1 July 2016

Conflicts of interest

The Board considers and authorises potential or actual conflicts as appropriate. Directors with a conflict do not participate in the discussion or vote on the matter in question.

Powers of Directors

Subject to the Company's Articles of Association, the prevailing legislation and any directions given by special resolution, the business and affairs of the Company will be managed by the Directors.

Other statutory disclosures

Dividends

The Group's dividend policy is set out on page 55 of the Financial review. The Company paid its first interim dividend of 0.65p per ordinary share on 18 October 2016 to shareholders on the register on 16 September 2016.

Employees

Disclosures relating to the Group's colleagues, including the employment of people with disabilities, are included in the Strategic report on pages 25 to 27.

Research and development

Disclosures in relation to the Group's research and development are included in the Strategic report on page 24.

Donations

No political donations were made and no political expenditure was incurred during the year.

Details of the Group's charitable activities are set out in the Strategic report on page 29.

Climate change impact

The table below shows our emissions performance for the year ended 31 December 2016 compared with 2015.

	Total emissions	
	2016	2015
Scope 1 – Combustion of fuel and operation of facilities (tCO ₂ e)	855	559
Scope 2 (location-based) – electricity (tCO ₂)	4,802	3,261
Scope 2 (market-based) – electricity (tCO ₂)	3,700	1,605
Total Scope 1 and 2 emissions (location-based) (tCO ₂ e)	5,657	3,820
tCO ₂ e per FTE employee (Scope 1 and 2 location-based) (tCO ₂ e)	1.20	1.14

Notes:

- 1 We quantify and report our organisational greenhouse gas emissions in alignment with the WRI's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.
- 2 Emissions from the consumption of electricity are reported in tCO₂ rather than tCO₂e since the International Energy Agency emission factors for electricity currently account for carbon dioxide emissions only.
- 3 The full time equivalent (FTE) employee figures used to calculate the reported intensity metric cover the sites for which emissions data was provided rather than the total FTE figure for the organisation as a whole.
- 4 Fugitive emissions were not recorded in 2015; however, in 2016 we were able to collect this data for a number of sites and fugitive emissions were approximately 5% of total Scope 1 and 2 emissions.
- 5 We consolidate our organisational boundary according to the operational control approach and have adopted a materiality threshold of 5% for GHG reporting purposes. For the sites where we have been unable to obtain data (Stockholm, Shanghai and Tokyo), we expect the emissions to make up less than 2% of overall emissions based on estimations using headcount and floor area intensity data.
- 6 In some cases, missing information has been estimated using data from the nearest reporting period as a proxy. Furthermore, due to the availability of additional data, we have decided to restate the 2015 emissions figures. This allows us to make a more accurate performance comparison between 2015 and 2016.
- 7 Sites with less than 200 employees have been grouped together into 'Other sites'.

i. Emissions by region in 2016**Scope 1 and 2 emissions by region (tCO₂e)**

Europe	2,301	792
Americas	2,235	63
Asia	266	0
Scope 1	Scope 2 (location-based)	

ii. Emissions by location in 2016**Scope 1 and 2 emissions by location (tCO₂e)**

Walbrook (5th and 6th)	581	590
Atlanta (Morgan Falls)	1,023	26
Other sites	919	80
Atlanta (Atlantic Station)	941	1
Gateshead (Victory)	637	81
Cambridge	486	77
Manchester	133	0
Gateshead (Mayflower)	82	0
Scope 1	Scope 2 (location-based)	

iii. Performance

Between 2015 and 2016 we have seen an overall absolute increase in Scope 1 and 2 emissions by 48% but this is due to the inclusion of non-UK operations and fugitive emissions from refrigerants within the boundary in 2016. Based on the expanded scope of reporting, our emissions intensity performance is therefore a more useful metric; we have seen an increase in Scope 1 and 2 emissions per FTE employee of 5.5%. On a like-for-like basis, i.e. excluding the 2016 fugitive emissions and data for non-UK sites, Scope 1 and 2 emissions have decreased by 1%.

All our new offices are designed and built with sustainability in mind. Both our London and Manchester offices have been assessed as 'Excellent' by BREEAM (Building Research Establishment Environmental Assessment Method) and the Royal Institute of Chartered Surveyors awarded gold and silver sustainability awards to our London and Manchester offices respectively. Where we have colleagues working in older buildings, we have taken action to reduce their environmental impact, including improving temperature control and reducing electricity consumption.

We also purchase electricity at a number of our UK sites that is sourced from renewable generation backed by Renewable Energy Guarantees of Origin (REGOs) and therefore, under the market-based Scope 2 reporting method, we have been able to account for Scope 2 emissions from these sites using an emission factor of 0 tCO₂/kWh.

As a result, our market-based Scope 2 emissions figure is over 1,000 tonnes lower than our location-based emission figure, which demonstrates how we have been able to reduce our climate change impacts through our purchasing decisions.

Other corporate disclosures continued

Share capital and related matters

Share capital

The structure of the issued share capital of the Company at 31 December 2016 (unchanged since 31 December 2015) is set out in Note 5f to the financial statements. The Company has two classes of shares: ordinary shares and CVR non-voting redeemable shares.

Shareholders' rights

The rights attaching to the ordinary shares are governed by the Company's Articles of Association and prevailing legislation. There are no specific restrictions on the size of a holding. Subject to applicable law and the Articles of Association, holders of ordinary shares are entitled to receive all shareholder documents, including notice of any general meeting; attend, speak and exercise voting rights at general meetings, either in person or by proxy; and participate in any distribution of income or capital.

Restrictions on voting

There are no specific restrictions on the shareholder's ability to exercise their voting rights, save and except in situations where the Company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the shareholder is otherwise in default of an obligation to the Company). Currently, all issued ordinary shares are fully paid.

Shares held by the Company's employment benefit trust

The Company's offshore employee benefit trust ('EBT') is used to purchase Worldpay Group shares for the benefit of employees, including satisfying outstanding awards made under its employee share plans. In respect of all shares held in the EBT, the trustee has waived its right to receive dividends and will not exercise voting rights. As at 31 December 2016, 12,385,744 shares were held in the EBT representing approximately 0.62% of the Company's issued share capital. Further details regarding the EBT are contained in Note 1a and 5h to the Financial statements.

Restrictions on the transfer of ordinary shares

From admission of the Company's securities on the Main Market of the London Stock Exchange, the Company's Directors entered into a lock-up period consisting of three tranches with one-third expiring on each of 16 October 2016 (now expired), 16 October 2017 and 16 October 2018. Further information in respect of the Directors' shareholdings is disclosed in the Remuneration report on page 95.

The transfer of ordinary shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation. There are no restrictions on the transfer of the ordinary shares other than: (i) as set out in the lock-up arrangements described in the preceding paragraph; (ii) as set out in the Articles of Association; (iii) certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and (iv) pursuant to the Listing Rules of the Financial Conduct Authority whereby certain Directors, officers and employees of the Company require approval to deal in the ordinary shares in accordance with the Company's share dealing rules.

Notifiable interests in share capital

At 31 December 2016, the interests in voting rights over the issued share capital of the Company had been notified, as shown in the table below.

Shareholder	As at 31 December 2016	
	Number of shares	% interest in shares
Ship Global 2 & Cy S.C.A.	214,481,879	10.72
BlackRock, Inc.	129,183,963	6.45
Canada Pension Plan Investment Board	80,639,413	4.03
Abu Dhabi Investment Authority	60,896,429	3.04

On 2 February 2017, Ship Global announced it had sold 214,481,879 ordinary shares in the capital of the Company thereby resulting in it no longer being a shareholder of the Company.

As at 6 March 2017, the Company had not received any further disclosures of major holdings of voting rights, pursuant to the requirements of Rule 5 of the Financial Conduct Authority Disclosure Rules and Transparency Rules.

As at 6 March, 2017, no Directors and their connected persons had an interest in 3% or more of the voting rights of the Company.

Amendment of Articles of Association

The Company's Articles of Association may be amended by special resolution of shareholders. The Company's Articles of Association adopted by shareholders on 12 October 2015 are available on the Group's website.

Provisions of change of control

The senior facilities agreement entered into by the Company and various lenders on 4 September 2015 to refinance existing borrowings as part of the IPO (comprising the Term Facility 1, Term Facility 2 and the revolving credit facility) provides for the repayment of all sums utilised together with interest on 30 days notice in the event of (i) any sale of substantially all of the businesses or assets of the Company; or (ii) if any person or group of persons acting in concert acquire more than 50% of the issued voting share capital of the Company. In addition, the senior unsecured notes issued by Worldpay Finance plc on 10 November 2015 and guaranteed by the Company, contain a repurchase provision at 101% of the value of the notes plus interest accrued but unpaid that may be exercised by holders of the notes on the same events as well as on certain forms of merger of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- For the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Strategic report and the Directors' report comprising pages 6 to 99 have been approved and are signed by order of the Board by:

Derek Woodward
Group Company Secretary
 7 March 2017

Registered office
 The Walbrook Building
 25 Walbrook
 London
 EC4N 8AF

Registered number
 08762327

Independent auditor's report to the members of Worldpay Group plc

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Worldpay Group plc for the year ended 31 December 2016 set out on pages 106 to 152. In our opinion:

- › the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- › the parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- › the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Overview

Materiality:

Group financial statements as a whole £14m (2015: £20m)
5% normalised profit before tax (2015: 0.5% of revenue)

Coverage 80% (2015: 83%) of Group profit before tax

Risks of material misstatement

vs 2015

Recurring risks

Transaction-based revenue and settlement balances



Trade receivables impairment and related provisions



Event-driven risks

Visa Europe and CVR-related liabilities



2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

	The risk	Our response
Transaction-based revenue and settlement balances		
Transaction service charges revenue (£4,037.7m; 2015: £3,508.1m)	Data capture: Transaction service charges revenue is recognised based on the value and nature of transactions processed and the rates agreed with merchants. The value of transactions is extracted from operational IT systems through which payments are processed. These operational IT systems are highly complex and processed in excess of 14 billion transactions during the year with total gross transaction value in excess of £450bn.	Our procedures included: <ul style="list-style-type: none"> ➤ Control design: Testing general IT controls relating to access to programs and data, program change and development and computer operations in order to address the risk of unauthorised changes being made to the operation of IT application controls. ➤ Control design: Testing the design, implementation and operating effectiveness of IT application controls, including controls around customer set up and changes to master data that are designed to ensure the appropriate rates are assigned to each merchant in the system based on signed contract terms. ➤ Control re-performance: Testing the operating effectiveness of the manual controls over the reconciliation of settlement accounts to scheme reports and internally generated reports. ➤ Test of details: On a sample basis vouch items recorded back to source data including: <ul style="list-style-type: none"> – Examination of cash receipts from merchants, third-party confirmations, or inspection of transaction detail. – Comparing to source data key system inputs from which the revenue amounts are derived. – Agreeing scheme debtor, merchant creditor and merchant float amounts to third-party confirmations, third party reports, or subsequent cash receipts or payments. – Assessing the year end cut-off of these amounts, paying particular attention to the classification between settlement funds and own cash on the balance sheet based upon the underlying legal and commercial rights to funds. ➤ Assessing transparency: Assessing whether the Group's disclosures in respect of revenue recognition and settlement balances provide sufficient detail for users to understand the nature of transactions.
Settlement balances:		
Merchant float (£1,012.1m; 2015: £696.4m)	Processing error (IT systems): There is a risk that these systems may not be configured correctly from the outset such that revenues and settlement amounts are calculated incorrectly, that data does not correctly flow through the operational IT systems, and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue and settlement balances.	
Scheme debtor (£1,821.8m; 2015: £534.5m)		
Merchant creditor (£2,833.9m; 2015: £1,230.9m)	Processing error (finance processes): The output from the operational IT systems is used to calculate and record revenue and determine settlement balances. The correct classification of settlement balances within the balance sheet is dependent upon correctly capturing the status of all in-progress transactions at year end. This requires core finance processes accurately reporting on and reconciling the transactions as reported by the IT systems.	
Refer to page 74 (Corporate governance report), page 114 and Notes 2a and 4a (accounting policies and financial disclosures).		

Independent auditor's report to the members
of Worldpay Group plc
continued**2. Our assessment of risks of material misstatement (continued)**

	The risk	Our response
Visa Europe and CVR-related liabilities		
Loss Sharing Agreement provision (£268.5m)	<p>Subjective valuation: On 21 June 2016 the Group sold its 5.9% investment in Visa Europe to Visa Inc. and entered into a Loss Sharing Agreement and the Litigation Management Deed to indemnify Visa Inc. for the Group's share of potential liabilities relating to ongoing interchange litigation involving Visa Europe (together 'Visa Europe liabilities'). For more details see Note 5i of the financial statements.</p> <p>Determining the fair value of the Visa Europe liabilities, and therefore the fair value of the Visa Inc. preference shares, and subsequently the carrying value of the related CVR liabilities, requires the Directors to construct a valuation model that considers the potential cash flows for a range of possible outcomes. Due to the potentially large range of outcomes in value terms, there is a high level of judgement required and therefore there is a risk of material misstatement in the valuation of these amounts.</p>	Our procedures included:
Visa Inc. preference shares (£192.1m) (value of the preference shares is affected by the Litigation Management Deed liability in that its level adjusts the conversion ratio of the preference shares).		<p>➤ Benchmarking assumptions: Comparing the key input assumptions within the Directors' valuation model to externally and internally derived data as well as our own assessments, including:</p> <ul style="list-style-type: none"> – Considering the correlation between the information obtained and the judgements made by the Directors. – Considering the existence of contradictory or disconfirming evidence
Financial liabilities – CVR Liabilities (£302.5m; 2015: £140.9m)		<p>➤ Our legal expertise: Utilising our own legal specialists to collect and assess information on claims available in the public domain.</p> <p>➤ Methodology choice: Consulted with valuation specialists regarding the valuation methodology utilised.</p> <p>➤ Sensitivity analysis: Assessing the impact of change in assumption on the valuation of Visa Europe and CVR-related liabilities.</p> <p>➤ Assessing transparency: Assessing the adequacy of the Group's disclosure about significant judgements in relation to the Visa Europe liabilities and CVRs.</p>
Refer to page 73 (Corporate governance report) and Note 5i (accounting policy and financial disclosures).		

	The risk	Our response
<p>Trade receivables impairment and related provisions</p> <p>Trade receivables impairment provisions (£34.9m; 2015: £38.0m)</p> <p>Merchant Potential Liabilities ('MPL') (£3.0m; 2015: £0.1m)</p> <p>Refer to page 74 (Corporate governance report), page 113 (accounting policies) and Notes 4b and 4d (financial disclosures).</p>	<p>Data capture: Worldpay support around 400,000 merchants, most of whom are small and medium sized, which makes the assessment of impairment of trade receivables inherently difficult to track. Reporting capabilities for certain IT systems are limited and manual interventions are required to ensure complete and relevant data is captured to allow appropriate monitoring and management of collections across the entire management portfolio. There is a risk over the accuracy of information used to reliably assess potential exposure and the resulting provision requirement.</p> <p>Subjective estimate: The Group also bears the risk of recoverability of gross cardholder transaction amounts due from a merchant that arise from a chargeback being raised by a cardholder (i.e. a claim from a cardholder where the payment has been made but the merchant has failed to deliver the goods or services).</p> <p>Where the Group anticipate that, due to merchant difficulties (e.g. liquidation or bankruptcy), it will not be possible to recover chargeback amounts from the merchant, a provision should be recorded. The Group refer to this as the 'Merchant Potential Liability' ('MPL') exposure.</p> <p>With regards to MPL, significant judgement is required in assessing the risk of future chargebacks being raised in respect of payments that have already been processed and the recoverability of those amounts from merchants, for example due to bankruptcy or other merchant failure.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ➤ Control design: Assessing the design and operating effectiveness of key manual controls within the Group's merchant onboarding and ongoing monitoring processes. ➤ Test of details (impairment provisions): Assessing the trade receivables impairment provision by considering the cash collected from merchants subsequent to the year end and assessing the Directors' judgements on recoverability of amounts that remain unpaid, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year end. ➤ Test of details (MPL provisions): Validating the completeness of the output of the Group's monitoring activities against publicly available industry outlook reports and publicly available data on liquidations and insolvencies within the year and subsequent to year end. ➤ Test of details (MPL liabilities): Assessing the impairment and provision recorded by reference to the output of the Group's internal monitoring and review processes, focusing in particular on industries where there is a delay between a cardholder paying for a good or service and when that good or service is delivered by the merchant. Where a specific risk was identified for a particular merchant, we evaluated the Directors' judgements on potential exposure and recoverability, taking into account specific customer circumstances known to the Directors and publicly available information on the financial performance of that merchant. ➤ Assessing transparency: Assessing the adequacy of the Group's disclosure about significant judgements in relation to trade receivables impairment provisions including MPL.

Independent auditor's report to the members of Worldpay Group plc

continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £14.0m (2015: £20.0m), determined with reference to a benchmark of normalised profit before tax of £277.1m (profit before tax adjusted for all SDIs except for amortisation as disclosed in Note 2b), of which it represents 5%. (2015: benchmark of total revenues of £3,963.0m, of which it represented 0.5%). The Group team performed procedures on the items excluded from normalised profit before tax.

We now consider normalised profit before tax to be the most appropriate benchmark as the Group is now well progressed in its transition away from private equity ownership and related financing structures into a fully standalone Group.

We report to the Audit Committee any corrected or uncorrected identified misstatements relating to Income Statement accounts exceeding £0.7m (2015: £1.0m) and relating wholly to Income Statement or Balance Sheet classification exceeding £4.0m (2015: £5.0m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 31 (2015: 31) reporting components, we subjected four to audits for Group reporting purposes and two to specified risk-focused audit procedures. The components for which we performed specified risk-focused procedures were not individually financially significant enough to require an audit for Group reporting purposes, but did include specific individual risks that needed to be addressed.

The audits of the four reporting components and the work performed on the Group consolidation covered 96% (2015: 96%) of total Group revenue; 80% (2015: 83%) of total profits and losses that made up the Group profit before tax; 91% (2015: 92%) of total Group assets; and 55% (2015: 58%) of total Group liabilities. The specified risk-focused procedures covered 7% (2015: nil) of total profits and losses that made up the Group profit before tax; 5% (2015: 4%) of total Group assets (relating to settlement balances) and 27% (2015: 39%) of total Group liabilities (relating to the borrowings as shown on page 135).

Normalised profit before tax
£277.1m

Normalised
profit
before
tax

Group materiality

Materiality
£14.0m (2015: £20.0m)

£14.0m
Whole financial statements
materiality (2015: £20.0m)

£12.0m
Range of materiality at four
components (£7.5m to £12.0m)
(2015: £8.0m to £15.0m)

£0.7m
Misstatements reported to the
Audit Committee (2015: £1.0m)

Group revenue
(%)

96%
(2015: 96%)

Group profit before tax
(%)

80%
(2015: 83%)

Group total assets
(%)

91%
(2015: 92%)

Group total liabilities
(%)

55%
(2015: 58%)

Full scope for Group audit purposes 2016
Specified risk-focused audit procedures 2016
Full scope for Group audit purposes 2015
Specified risk-focused audit procedures 2015
Residual components

The remaining 13% (2015: 17%) of total Group profit before tax is represented by 27 (2015: 27) reporting components, none of which individually represented more than 3% (2015: 4%) of Group profit before tax. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, and the information to be reported. The Group audit team approved the component materialities, which ranged from £7.5m to £12.0m (2015: £8.0m to £15.0m), having regard to the mix of size and risk profile of the Group across the components. The work on one of the four components was performed by a component auditor and the rest by the Group audit team.

The Group audit team visited the component auditor in the United States twice, including an assessment of the audit risk and strategy, and telephone meetings were held with the component auditor throughout the year. At these visits and meetings, the Group audit team also discussed the findings reported in more detail and assessed the adequacy of the work performed by the component auditor.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of viability on page 46, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the three years to 31 December 2019; or
- the disclosures in Note 1a of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 46, in relation to going concern and longer-term viability; and
- the part of the Corporate governance report on page 65 relating to the Company's compliance with the 11 provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Statement of Directors' responsibilities set out on page 99, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Michael Harper
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
7 March 2017

Consolidated income statement

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016			Year ended 31 December 2015		
		Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m
Revenue	2a	4,540.8	–	4,540.8	3,963.0	–	3,963.0
Interchange and scheme fees		(3,416.6)	–	(3,416.6)	(2,981.3)	–	(2,981.3)
Net revenue	1a,2a	1,124.2	–	1,124.2	981.7	–	981.7
Other cost of sales		(139.0)	–	(139.0)	(121.3)	–	(121.3)
Gross profit		985.2	–	985.2	860.4	–	860.4
Personnel expenses	2c	(313.6)	(26.4)	(340.0)	(271.9)	(62.6)	(334.5)
General, selling and administrative expenses	2d	(204.0)	(36.0)	(240.0)	(182.4)	(41.1)	(223.5)
EBITDA¹		467.6	(62.4)	405.2	406.1	(103.7)	302.4
Depreciation, amortisation and impairment	3b,3c	(78.4)	(50.3)	(128.7)	(65.6)	(69.9)	(135.5)
Operating profit		389.2	(112.7)	276.5	340.5	(173.6)	166.9
Finance income – Visa Europe	5a	–	271.6	271.6	–	195.7	195.7
Finance costs	5a	(60.3)	(60.5)	(120.8)	(151.2)	(50.2)	(201.4)
Finance costs – CVR liabilities	5a	–	(161.7)	(161.7)	–	(140.9)	(140.9)
Share of results of joint venture and associate	6b	(1.5)	–	(1.5)	(1.2)	–	(1.2)
Profit/(loss) before tax	2f	327.4	(63.3)	264.1	188.1	(169.0)	19.1
Tax (charge)/credit	2g	(82.1)	(50.5)	(132.6)	(49.7)	0.8	(48.9)
Profit/(loss) for the year		245.3	(113.8)	131.5	138.4	(168.2)	(29.8)
Total earnings/(loss) per share (pence)							
Basic	2j	12.3		6.6	8.2		(1.8)
Diluted	2j	12.3		6.6	8.2		(1.8)

¹ EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Profit/(loss) for the year	131.5	(29.8)
Items that are or may subsequently be reclassified to profit or loss:		
Currency translation movement on net investment in subsidiary undertakings	63.6	1.2
Currency translation movement due to net investment hedging	(21.8)	(8.2)
Total comprehensive income/(loss) for the year	173.3	(36.8)

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

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Consolidated balance sheet

As at 31 December 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Goodwill	3a	1,336.8	1,275.3
Other intangible assets	3b	813.6	719.4
Property, plant and equipment	3c	124.7	122.3
Investment in joint venture and associate	6b	4.3	5.2
Investment	6b	3.3	–
Deferred consideration – Visa Europe	5i	48.0	–
Financial assets – Visa Inc. preference shares	5i	192.1	–
Deferred tax assets	2i	4.6	12.9
		2,527.4	2,135.1
Current assets			
Inventory		2.7	0.4
Trade and other receivables	4b	473.8	396.5
Financial assets – Visa Europe shares	5i	–	195.7
Scheme debtors	4a	1,821.8	534.5
Current tax assets	2h	10.5	7.5
Merchant float	4a	1,012.1	696.4
Own cash and cash equivalents	5b	714.4	165.3
		4,035.3	1,996.3
Current liabilities			
Trade and other payables	4c	(432.5)	(334.3)
Merchant creditors	4a	(2,833.9)	(1,230.9)
Current tax liabilities	2h	(94.5)	(9.6)
Derivative financial instruments		–	(0.2)
Financial liabilities – CVR liabilities	5i	(302.5)	(140.9)
Borrowings	5c	(11.2)	(9.2)
Finance leases	5d	(13.8)	(15.0)
Provisions	4d	(272.8)	(8.0)
		(3,961.2)	(1,748.1)
Non-current liabilities			
Borrowings	5c	(1,637.5)	(1,552.2)
Finance leases	5d	(18.5)	(14.2)
Provisions	4d	(1.3)	(0.7)
Deferred tax liabilities	2i	(112.3)	(145.1)
		(1,769.6)	(1,712.2)
Net assets		831.9	671.1
Equity			
Called-up share capital	5f	60.0	60.0
Share premium		883.8	883.8
Own shares	5h	(30.6)	(23.7)
Capital contribution reserve		38.1	38.1
Merger reserve		(374.5)	(374.5)
Foreign exchange reserve		32.5	(9.3)
Retained earnings		222.6	96.7
Total equity		831.9	671.1

The accompanying notes on pages 111 to 148 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 7 March 2017. They were signed on its behalf by:

Rick Medlock
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Notes	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Merger reserve £m	Foreign exchange reserve £m	Retained earnings/(deficit) £m	Total £m
At 1 January 2015		50.0	818.7	–	6.7	(374.5)	(2.3)	(690.7)	(192.1)
Loss for the year		–	–	–	–	–	–	(29.8)	(29.8)
Capital reduction	5h	–	(818.7)	–	–	–	–	818.7	–
Ordinary shares conversion	5f	(1.8)	–	–	–	–	–	–	(1.8)
Ordinary shares issuance	5f	11.8	936.0	–	–	–	–	–	947.8
IPO fees capitalised		–	(52.2)	–	–	–	–	–	(52.2)
Capital contributions received from former parent companies	5h	–	–	–	31.4	–	–	–	31.4
Dividend paid		–	–	–	–	–	–	(1.5)	(1.5)
Investment in own shares	5h	–	–	(23.7)	–	–	–	–	(23.7)
Foreign currency translation		–	–	–	–	–	1.2	–	1.2
Foreign currency translation – net investment hedging		–	–	–	–	–	(8.2)	–	(8.2)
At 31 December 2015		60.0	883.8	(23.7)	38.1	(374.5)	(9.3)	96.7	671.1
Profit for the year		–	–	–	–	–	–	131.5	131.5
Dividend paid		–	–	–	–	–	–	(12.9)	(12.9)
Share-based payments		–	–	–	–	–	–	7.3	7.3
Investment in own shares	5h	–	–	(6.9)	–	–	–	–	(6.9)
Foreign currency translation		–	–	–	–	–	63.6	–	63.6
Foreign currency translation – net investment hedging		–	–	–	–	–	(21.8)	–	(21.8)
At 31 December 2016		60.0	883.8	(30.6)	38.1	(374.5)	32.5	222.6	831.9

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

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Consolidated cash flow statement

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Cash flows from operating activities			
Cash generated by operations	4e	392.4	345.7
Tax paid		(73.8)	(8.6)
Net cash inflow from operating activities		318.6	337.1
Investing activities			
Cash received from sale of Visa Europe		452.8	-
Purchase of intangible assets		(124.6)	(148.8)
Purchases of property, plant and equipment		(36.2)	(30.2)
Acquisitions		(4.1)	(16.6)
Net cash inflow/(outflow) from investing activities		287.9	(195.6)
Financing activities			
Finance costs paid		(55.5)	(208.7)
New finance leases		25.0	15.8
Repayment of finance lease obligations		(21.9)	(14.5)
Repayment of loan notes		-	(101.8)
Proceeds on issue of shares		-	947.8
Costs incurred for the issue of shares, taken directly to equity		-	(52.2)
Proceeds on new borrowings		-	1,895.3
Repayment of borrowings		(40.0)	(2,615.4)
Payment of borrowing fees		(2.2)	(19.6)
Equity contributions received from shareholders		-	31.4
Investment in own shares		(6.9)	(23.7)
Payment of dividend		(12.9)	(1.5)
Net cash used in financing activities		(114.4)	(147.1)
Net increase/(decrease) in own cash and cash equivalents		492.1	(5.6)
Own cash and cash equivalents at beginning of the year		165.3	168.7
Effect of foreign exchange rate changes		57.0	2.2
Own cash and cash equivalents at end of the year	5b,5e	714.4	165.3

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

Notes to the consolidated financial statements

Section 1 – Basis of preparation

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This section sets out the accounting policies of Worldpay Group plc and its subsidiaries (the 'Group' and the 'Worldpay Group') that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

This section also details new accounting standards that have been endorsed in the year and have either become effective in 2016 or will become effective in later periods.

Note 1a

The consolidated financial statements for all periods have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The financial statements are presented in Sterling which is the Company's functional currency. All information is given to the nearest one hundred thousand pounds.

The financial statements are prepared on the historical cost basis except for the derivative financial instruments and certain items arising from the Visa Europe transaction, which are stated at their fair value.

The Group includes a column for separately disclosed items on the face of its consolidated income statement. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying trading performance. They are presented in their relevant income statement category, but highlighted through separate disclosure.

Net revenue, which is defined as revenue less interchange and scheme fees, is presented on the face of the income statement as the Directors believe that this best reflects the relationship between revenue and profitability.

The Group's cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card networks precedes when the funding to customers falls due.

The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, the Directors have excluded the merchant float from the cash flow statement to allow a better understanding of the Group's underlying own cash flows.

Going concern

The Group has made a profit of £131.5m in 2016 (2015: loss of £29.8m). As at year end, the Group was in a net asset position of £831.9m (2015: £671.1m).

In considering the going concern basis for preparing the financial statements, the Board has reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by business unit and by month. It demonstrates the Group's ability to operate within its current borrowing facilities.

Notwithstanding the above, however, there remains a risk that a downturn in the economy could result in the Group's sales and profits being worse than the Board is currently envisaging.

As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise, the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Accounting policies

Foreign exchange

The consolidated financial statements of the Worldpay Group are presented in Sterling, which is the functional currency of the Company and the presentational currency of the Group.

The net assets of foreign subsidiaries are translated to Sterling as follows:

- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period;
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate; and
- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

All exchange differences arising on consolidation are taken through other comprehensive income to the foreign currency reserve.

Notes to the consolidated financial statements**Section 1 – Basis of preparation**

continued

Note 1a (continued)

Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction. At the end of each reporting period, foreign currency items on the balance sheet are translated as follows:

- Non-monetary items, including equity, held at historic cost are not retranslated;
- ➔ Non-monetary items held at fair value are translated at the rate ruling on the date the fair value was determined; and
- Monetary items are retranslated at the rate prevailing at the end of the reporting period.

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the income statement.

Netting

The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities.

Where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented gross.

Own shares held in Employee Benefit Trust (EBT)

The consideration for any ordinary shares of the Company held by the EBT is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued.

On the sale or reissue of these shares the consideration received is credited to equity, net of any directly attributable incremental costs and related tax.

The EBT purchases the Group's shares in order to hedge the cash outflow upon the exercise of a share option or a share award.

Accounting developments**Impact of new accounting standards**

The following standards are new, revised or include changes to existing standards which have been adopted by the Group in the year ended 31 December 2016. These have not impacted the balance sheet or reported results for the year, nor any previously reported results, but may have impacted how such results are disclosed:

- Amendment to IAS 1 on presentation of financial statements.
- Annual improvements to IFRSs: 2012 – 14 Cycle.

New standards and interpretations not yet adopted

The following standards are in issue but not yet effective and have not yet been adopted by the Group.

- IFRS 9 'Financial Instruments' (2009 and 2010) – will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets. The effective date for the Group is 1 January 2018. The Group is in the process of assessing the impact of this standard. However, we do not expect it to have a material impact on the consolidated results, balance sheet or cash flows of the Group.
- IFRS 15 'Revenue from Contracts with Customer' – replaces IAS 18, 'Revenues', and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The effective date is no later than 1 January 2018, although earlier adoption is permitted. The Group has completed an initial assessment of the impact of implementing this standard and expects that this will not have a material effect on revenue recognition.
- Amendments to IAS 12 'Income taxes' – clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The effective date for the Group is subject to European Union endorsement.
- IFRS 16 'Leases' – eliminates the distinction between on-balance sheet finance leases and off-balance sheet operating leases and introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting. The effective date is no later than 1 January 2019, although earlier adoption is permitted only if IFRS 15 'Revenue from Contracts with Customers' is also adopted. The Group has completed an assessment of the impact of implementing this standard. On implementation, based upon the Group's existing lease arrangements, approximately £70m 'right of use assets', mainly related to property, will be recognised in the Consolidated Balance Sheet together with a corresponding lease liability. Operating costs will be reduced by approximately £11m, increasing EBITDA by £11m. Depreciation on the right of use asset will be approximately £8m and lease interest will be approximately £3m which means we do not expect there to be a material impact on Net income.
- Amendments to IAS 7 'Statement of Cash Flow' – requires disclosures that enable evaluation of changes in liabilities arising from financing activities, including both changes arising from the cash flow and non-cash movements. The effective date for implementation is subject to European Union endorsement.
- Amendments to IFRS 2 'Share-based payment' – improves consistency in the measurement of cash-settled share-based payments and the classification of share-based payments settled net of tax withholdings, and a modification to a share-based payment from cash-settled to equity-settled. The effective date for implementation is subject to European Union endorsement.

Note 1b**Critical accounting estimates and judgements**

The reported results of the Group for the financial year ended 31 December 2016 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below.

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

Fair value of Visa Europe transaction and related Contingent Value Rights (CVRs)

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal on 21 June 2016, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in 'Finance income/(costs)' in the Group's income statement.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD'). Any excess of potential losses from Visa Europe interchange litigation under a Loss Sharing Agreement ('LSA') has been included in 'Provisions' within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. In order to fair value the LSA liability as at 31 December 2016, the Directors have considered a range of potential outcomes, including the likely value of the potential level of Visa Europe liabilities that the Group may be liable for, and calculated a weighted average.

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Further details on the key assumptions made in valuing the consideration received and the CVR and LSA liabilities, together with sensitivity analysis, are provided in Note 5i.

Income and deferred taxes

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges calculated by reference to the legal requirements applying to each jurisdiction in which the Group operates.

As an integral part of this process, the Group applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the Group to be uncertain.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognised in the period in which such determination is made.

Trade receivable impairment provisions

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created, the Group cannot recover the original expected cash flows from the trade receivable. Trade receivable impairment provisions can be either bad debt provisions or merchant potential liability provisions.

A bad debt provision represents the difference between the carrying value of the trade receivable and the present value of estimated future cash flows.

A merchant potential liability provision is required when a merchant goes into liquidation or bankruptcy and the Group is exposed to potential chargebacks. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise and to quantify the possible range of any financial settlement.

See Notes 4b and 4d for further information.

Separate disclosure of profits and losses in the consolidated income statement

Separately disclosed items are costs or income that are recognised in the income statement which the Directors believe, due to their size or nature, are not the result of normal operating performance. They are therefore separately disclosed on the face of the income statement to allow a more comparable view of underlying trading performance and are explained in detail in Note 2b.

Whilst not considered to be a critical accounting estimate or judgement, revenue recognition and presentation of settlement assets and liabilities is considered to be a critical accounting policy. Refer to page 114 and Note 4a respectively for further details.

Notes to the consolidated financial statements

Section 2 – Results for the year

This section focuses on the results and performance of the Group in the financial year ended 31 December 2016.

Accounting policies**Revenue recognition**

Revenue represents the consideration received or receivable from the merchants for services provided. Key revenue streams that the Group reports are:

Transaction service charges relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised when the transactions are successfully processed and is recognised per transaction.

Terminal rental fees are due from terminal lessees. Revenue is recognised on a straight-line basis over the terms of the lease agreements.

Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers. Revenue is recognised when the Group's obligation in relation to the transaction is fulfilled.

Ancillary income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only. Local and alternative payment services allow merchants to accept payments worldwide which do not directly involve a credit or debit card. Revenue is recognised when the transactions are successfully processed.

Cost of sales primarily consist of fees charged by card networks (e.g. Mastercard and Visa) to provide the functionality necessary to allow the processing of transactions (scheme fees) and fees from cardholder banks for the provision of services to accept card-based transactions (interchange fees). These fees arise and are recognised on each transaction processed, and as a consequence in the same period as the related revenue (being the transaction service charge).

Net revenue is revenue after deducting scheme fees and interchange fees. Other cost of sales are recognised in the period to which they relate.

Items paid in advance or invoiced in arrears are shown as prepayments or accruals, as appropriate, on the balance sheet at the end of the year.

Note 2a**Segmental information**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Executive Team) to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Operating review included in the Strategic report.

The Group reports four segments: Global eCom, WPUK, WPUS and Corporate. Further details about the three trading segments can be found in the Operating review on pages 47 to 50. Corporate principally contains central personnel costs and Group strategy and plc costs.

Note 2a
Segmental information (continued)

Year ended 31 December 2016	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	1,174.6	1,027.7	2,338.5	–	4,540.8
Net revenue	386.6	438.6	299.0	–	1,124.2
Underlying EBITDA	216.9	198.3	77.4	(25.0)	467.6
Underlying depreciation and amortisation	(22.0)	(37.5)	(18.3)	(0.6)	(78.4)
Underlying operating profit	194.9	160.8	59.1	(25.6)	389.2
Separately disclosed items	(15.6)	(27.6)	(27.5)	(42.0)	(112.7)
Operating profit	179.3	133.2	31.6	(67.6)	276.5
Underlying finance costs					(60.3)
Separately disclosed items affecting finance income/(costs)					49.4
Share of results of joint venture and associate					(1.5)
Profit before tax					264.1
Tax					(132.6)
Profit for the year					131.5
Year ended 31 December 2015	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	898.6	1,130.7	1,933.7	–	3,963.0
Net revenue	317.7	405.2	258.8	–	981.7
Underlying EBITDA	184.2	179.2	62.3	(19.6)	406.1
Underlying depreciation and amortisation	(13.6)	(34.0)	(17.4)	(0.6)	(65.6)
Underlying operating profit	170.6	145.2	44.9	(20.2)	340.5
Separately disclosed items	(16.2)	(28.0)	(44.3)	(85.1)	(173.6)
Operating profit	154.4	117.2	0.6	(105.3)	166.9
Underlying finance costs					(151.2)
Separately disclosed items affecting finance income/(costs)					4.6
Share of results of joint venture and associate					(1.2)
Profit before tax					19.1
Tax					(48.9)
Loss for the year					(29.8)

Notes to the consolidated financial statements
Section 2 – Results for the year
continued

Note 2a
Segmental information (continued)
Segmental information by revenue streams

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Transaction service charges	4,037.7	3,508.1
Terminal rental fees	65.1	65.7
Treasury management and foreign exchange services	158.6	128.8
Ancillary income	279.4	260.4
Revenue	4,540.8	3,963.0

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer accounts for more than 10% of Group revenue.

Note 2b
Separately disclosed items

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. They are presented in their relevant income statement category, but highlighted through separate disclosure. The following table gives further details of the items included.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Affecting EBITDA		
Separation – platform costs	(30.2)	(33.3)
Separation – other costs	(17.5)	(20.1)
Costs of IPO	(4.9)	(35.0)
Reorganisation and restructuring costs	(6.0)	(6.4)
Other costs	(3.8)	(8.9)
Total affecting EBITDA	(62.4)	(103.7)
Affecting depreciation and amortisation		
Amortisation of business combination intangibles	(50.3)	(67.9)
Impairment of intangible assets	–	(2.0)
Total affecting depreciation and amortisation	(50.3)	(69.9)
Affecting finance income		
Finance income – Visa Europe	271.6	195.7
Affecting finance costs		
Foreign exchange losses	(60.5)	(5.5)
Finance costs – CVR liabilities	(161.7)	(140.9)
Costs associated with refinancing	–	(44.7)
Total affecting finance income/(costs)	49.4	4.6
Total (pre-tax)	(63.3)	(169.0)
Tax (change)/credit	(50.5)	0.8
Total (post-tax)	(113.8)	(168.2)

Note 2b

Separately disclosed items (continued)

Platform-related separation costs are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally staff and maintenance costs and decommissioning costs payable to RBS. Other costs related to the separation from RBS principally relate to the costs of interim staff required to test and double-run systems as we ramp up to full platform launch. The IPO-related costs largely comprise the costs of the one-off share awards granted to management as part of the IPO as well as costs which have been levied on Worldpay as a result of a change of control clause triggered by the IPO. Reorganisation and restructuring costs are largely costs incurred in the turnaround of our WPUS business. These include consultancy fees, redundancy costs and other staff-related costs. Other costs include the costs associated with a long-standing litigation claim together with costs incurred on aborted M&A activity.

Separately disclosed items affecting depreciation and amortisation predominantly relate to the non-cash charge for amortisation of business combination intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions.

The net gain in the year in relation to separately disclosed items affecting finance income/(costs) comprised an initial gain on the disposal of the Visa Europe shares of £207.0m (2015: share valuation gain of £195.7m), together with subsequent related fair value and FX gains, dividends received on the preference shares, and cash received which together amounted to £64.6m (2015: nil). These were partly offset by a loss on valuation of the related CVR liabilities. Further information on the Visa Europe disposal is provided later in Note 5i. In addition to the gains and losses noted above, there was also a net FX loss resulting from the period-end translation of the Group's assets and liabilities denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal).

Further details on the separately disclosed items are set out in the Financial review on pages 54 to 55.

Note 2c

Personnel expenses

Expenses related to services rendered by employees are recognised in the year in which the service is rendered. This includes wages and salaries, social security contributions, pension contributions, bonuses, termination benefits and share-based payment charges.

Where payments of amounts due are outstanding at the end of the reporting year, an accrual is recognised. Where payments have been made in advance prior to the end of the reporting year, a prepayment is recognised.

The Group operates defined contribution pension schemes. The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based upon estimation of the number of shares which will eventually vest, with a corresponding increase in equity. Fair value is measured by reference to the market value of the Group's shares, adjusted as necessary for the terms and conditions of the award, or an appropriate option pricing model, depending on the nature of the award.

The Group recognised a charge of £7.3m in 2016 (2015: £1.2m) for equity-settled share-based payments. Details of each of the equity-settled share-based payment plans are set out below.

Transitional award

On the date of the IPO, the Group granted a transitional share award plan to certain members of the senior management team. Shares will be given to eligible employees three years after the date of grant, subject to satisfaction of the minimum shareholding requirement and continued employment. The value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2016, 5.9m shares were outstanding under the scheme and a charge of £5.6m (2015: £1.2m) was made to the income statement. Given the one-off nature of these share awards, the costs have been classified as separately disclosed items.

Notes to the consolidated financial statements
Section 2 – Results for the year
continued

Note 2c

Personnel expenses (continued)

Long-term incentive plans

In March 2016, the Group introduced a Performance Share Plan (PSP) and a Conditional Share Plan (CSP). Both the PSP and the CSP mature three years from the grant date.

The vesting of the PSP shares is subject to satisfaction of non-market-based performance conditions. The CSP shares have no performance conditions other than continued employment within the Group. Under both plans the value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2016, the PSP had 3.8m and the CSP had 0.7m shares outstanding.

Further details of the PSP can be found in the Remuneration report on page 85.

All employee share plans

Save As You Earn scheme (SAYE) and Employee Stock Purchase Plan (ESPP)

In 2016, the Group introduced a SAYE plan in the UK and an ESPP in the US. These two plans cover approximately 90% of our employee base and offer the opportunity for colleagues to save monthly in order to buy Worldpay Group plc shares at a discount. The SAYE plan runs for a period of either three or five years depending on the length of contract chosen by the employee and the ESPP is run bi-annually for a six month plan period. As at 31 December 2016, the SAYE scheme had 5.5m and the ESPP had 0.2m options outstanding.

The Black-Scholes option model has been used to determine the fair value of the options issued. There are no inputs which are sufficiently sensitive to there being a reasonable possibility of a material adjustment in a future period.

Employee numbers

The average number of employees during the year was:

	Year ended 31 December 2016	Year ended 31 December 2015
Global eCom	467	485
WPUK	1,223	1,350
WPUS	1,276	1,316
Technology	1,307	1,131
Corporate	822	700
Total	5,095	4,982

During 2016, 52 employees were reclassified from Global eCom to Technology and 55 employees from WPUK to Corporate.

Note 2c
Personnel expenses (continued)

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Total underlying personnel expenses	313.6	271.9
Separation – platform	8.7	11.5
Separation – other	10.2	7.9
Costs of IPO	5.6	34.1
Reorganisation and restructuring costs	1.9	9.0
Other	–	0.1
Total personnel expenses in separately disclosed items	26.4	62.6
Total personnel expenses	340.0	334.5
Wages and salaries including redundancy costs	298.3	297.2
Pensions	17.5	14.5
Social security costs	24.2	22.8
Total personnel expenses	340.0	334.5

Directors' emoluments

The Directors' emoluments, pension contributions and share options are disclosed in the Remuneration report on pages 90 to 95.

Note 2d
General, selling and administrative expenses

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Selling costs	14.5	12.3
Operating costs	60.4	58.3
Office costs	36.9	31.9
Administrative costs	34.0	32.0
Professional fees	28.6	22.9
Bad debt	20.8	15.5
Other	8.8	9.5
Total underlying general, selling and administrative expenses	204.0	182.4
Separation – platform	21.5	21.8
Separation – other	7.4	12.1
Reorganisation and restructuring costs	4.1	(2.6)
Other	3.0	9.8
Total general, selling and administrative expenses in separately disclosed items	36.0	41.1
Total general, selling and administrative expenses	240.0	223.5

Notes to the consolidated financial statements
Section 2 – Results for the year
continued

Note 2e
Auditor remuneration

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Fees payable to the Group's auditor for the audit of the Group's Annual Report and Accounts	0.9	0.8
Fees payable to the Group's auditor and its associates for other services:		
Review of Half Year financial statements	0.1	–
Other assurance services	0.2	0.1
Other non-audit services – IPO	–	3.2
Other non-audit services	0.4	0.1
Total	1.6	4.2

Note 2f
Profit/(loss) before tax

Profit/(loss) before tax is stated after charging:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Interchange and scheme fees	(3,416.6)	(2,981.3)
Other cost of sales	(139.0)	(121.3)
Depreciation of property, plant and equipment	(35.0)	(34.4)
Amortisation of business combination intangibles	(50.3)	(67.9)
Amortisation of other intangibles	(43.4)	(31.0)
Impairment of property, plant and equipment	–	(0.2)
Impairment of other intangibles	–	(2.0)
Operating lease costs	(20.0)	(18.5)
Foreign exchange loss	(60.5)	(5.5)

Research and development expenditure recognised in the year ended 31 December 2016 was £30.2m (2015: £33.3m) This represents the amount charged to the profit and loss account in relation to the new acquiring platform.

Note 2g
Tax

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting year, together with any necessary adjustments to tax payable in respect of previous accounting periods. Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is taken into account where appropriate.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Current taxation		
UK corporation tax charge for the year	137.3	5.6
Prior year adjustment	1.7	(3.8)
Foreign corporation tax charges	5.2	0.3
	144.2	2.1
Deferred taxation		
(Credit)/charge for the year	(1.5)	37.2
Prior year adjustment	2.2	10.2
Effect of rate changes	(12.3)	(0.6)
	(11.6)	46.8
Tax charge for the year	132.6	48.9

Note 2g

Tax (continued)

The Group is mainly exposed to tax in the UK, US and Netherlands. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 20.00% (2015: 20.25%) as follows:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Expected tax charge at UK corporation tax rate of 20.00% (2015: 20.25%)	52.8	3.9
Non-deductible items	11.3	16.0
Visa Europe non-deductible CVR obligations (see Note 5i)	75.3	28.2
Prior year adjustment	1.7	(3.8)
Non-taxable income	(0.8)	(1.4)
Effect of different statutory tax rates of foreign jurisdictions	1.9	(6.3)
Effect of current year changes in statutory tax rates	(12.3)	(0.5)
Deferred tax prior year adjustment	2.2	10.2
Deferred tax on intangible assets	–	(5.0)
Deferred tax assets not recognised	0.5	7.6
Actual tax charge for the year	132.6	48.9

The underlying effective tax rate (ETR) has decreased from the prior year to 25.1% (2015: 26.4%). This decrease in ETR represents the continued fall in tax rate for the UK, where the majority of the business activities for the Group occur. The ETR remains higher than the UK statutory rate of 20.0% due to profits in overseas territories with higher taxation rates, mainly US (35%) and the Netherlands (25%), along with non-deductible costs, and uncertain tax provisions relating primarily to transfer pricing uncertainties and estimates. The ETR is expected to continue to reduce in future years as a result of the decrease in the UK statutory rate, down to the lower end of the range disclosed in the IPO prospectus (23%) assuming an unchanging jurisdictional split of profits.

Provisions established for uncertain items are made using a best estimate of the tax expected to be paid, based on a qualitative assessment of all relevant information and management's judgement. The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

Note 2h

Current tax assets/(liabilities)

	31 December 2016 £m	31 December 2015 £m
Current tax assets	10.5	7.5
Current tax liabilities	(94.5)	(9.6)
	(84.0)	(2.1)

Notes to the consolidated financial statements

Section 2 – Results for the year

continued

Note 2i

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax charges and credits are recognised in the income statement unless they arise from a transaction recognised directly in equity, in which case the associated deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are analysed in the consolidated balance sheet, after offset of balances within entities and tax jurisdictions, as follows:

	31 December 2016 £m	31 December 2015 £m
Deferred tax assets	4.6	12.9
Deferred tax liabilities	(112.3)	(145.1)
	(107.7)	(132.2)

The Group has an unrecognised deferred tax asset of £8.1m (2015: £8.0m) which relates to losses carried forward. The deferred tax asset on the tax losses has not been recognised due to uncertainty over future utilisation.

There is also an unrecognised deferred tax asset of £45.6m (2015: nil) in relation to the Loss Share Agreement with respect to the Visa Europe transaction. The deferred tax asset has not been recognised as, depending on the timing of the final resolution on the indemnity position, the availability of tax relief will be conditional on HMRC accepting a concessionary treatment.

Deferred tax assets and liabilities, before offset of balances within entities and tax jurisdictions, are as follows:

	Accelerated capital allowances £m	Provisions/ other £m	Intangibles £m	Losses £m	Visa Europe £m	Total £m
At 1 January 2015	12.0	13.0	(110.4)	–	–	(85.4)
(Charge)/credit to income statement	(20.3)	(37.4)	10.9	–	–	(46.8)
At 31 December 2015	(8.3)	(24.4)	(99.5)	–	–	(132.2)
Reclassification of deferred tax balances	(10.2)	16.6	18.3	14.5	(39.2)	–
Reclassification to current tax	–	15.1	0.1	(3.5)	–	11.7
Credit/(charge) to income statement	3.8	4.1	7.8	(10.7)	6.6	11.6
Foreign exchange rate impact	(2.5)	(0.1)	(1.5)	5.3	–	1.2
At 31 December 2016	(17.2)	11.3	(74.8)	5.6	(32.6)	(107.7)

The deferred tax balance is analysed as follows:

Deferred tax	23.8	12.5	–	5.6	–	41.9
Deferred tax liability	(41.0)	(1.2)	(74.8)	–	(32.6)	(149.6)
At 31 December 2016	(17.2)	11.3	(74.8)	5.6	(32.6)	(107.7)

The deferred tax assets in relation to the Visa Europe disposal and the losses have been presented in separate categories from 2016 onwards, resulting in a reclassification of deferred tax balances in the table above. During the year, there was a reclassification of uncertain tax positions from deferred taxes to current taxes.

Note 2i**Deferred tax** (continued)**Factors affecting future tax charges**

Reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 20.0% to 19.0% effective from 1 April 2017 and to 17.0% from 1 April 2020. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Note 2j**Earnings per share**

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned.

When a loss is recognised during a financial period, a basic loss per share rather than a basic earnings per share will be recognised. The dilutive effects will not be considered in calculating the diluted loss per share as this would reduce the loss per share.

The weighted average number of shares used to determine earnings per share in 2015 have been calculated in accordance with the principle of reverse acquisition accounting.

Underlying basic and diluted earnings per share are included as the Directors believe this provides a better reflection of the Group's performance.

	Year ended 31 December 2016	Year ended 31 December 2015
Profit/(loss) (£m)		
Underlying results	245.3	138.4
Total profit/(loss) for the year	131.5	(29.8)
Weighted average number of shares for (millions)		
Basic	1,988.2	1,690.5
Diluted	1,992.8	1,691.0
Basic earnings/(loss) per share (pence)		
Underlying basic earnings per share	12.3	8.2
Total basic earnings/(loss) per share	6.6	(1.8)
Diluted earnings/(loss) per share (pence)		
Underlying diluted earnings per share	12.3	8.2
Total diluted earnings/(loss) per share	6.6	(1.8)

During 2015, the Company's 50,000,000 ordinary shares were split into 1,605,083,333 ordinary shares without a corresponding change in share capital.

Notes to the consolidated financial statements

Section 3 – Non-current assets

This section shows assets used by the Group to generate revenue and profits. These assets include customer relationships, brands, computer software and goodwill. The Group's physical assets are also shown in this section.

Note 3a

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, less any non-controlling interest. Goodwill is carried at the cost established at the date of acquisition of the business less accumulated impairment losses, if any, and is not amortised.

	£m
Cost	
At 1 January 2015	1,260.9
Acquisition of SecureNet	0.2
Foreign exchange impact	14.2
At 31 December 2015	1,275.3
Foreign exchange impact	61.5
At 31 December 2016	1,336.8
Net book value	
At 31 December 2016	1,336.8
At 31 December 2015	1,275.3

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value in use calculations are performed at least annually and require the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The corporate planning process includes the preparation of the annual budget as well as the Group's long-term strategic plan. The strategic plan provides medium to long-term direction for the Group and is reviewed on an annual basis. It includes a five-year outlook for the business including management's view on the future achievable growth in market share and the capital expenditure required to achieve it. The cash flows included in the strategic plan are used for the value in use calculations.

Key assumptions used in the value in use calculation are:

	CAGR growth rate in sales	CAGR growth rate in costs	Terminal growth rate	Discount rate
31 December 2016	6.1-16.5%	4.6-8.3%	2.0%	8.0-10.0%
31 December 2015	5.3-16.9%	2.6-12.5%	2.0%	8.0-10.0%

The growth rates and discount rates for the WPUK and WPUS CGUs are at the lower end of the ranges, with the Global eCom growth rate and discount rate being at the upper end of the ranges. CAGR is the compound annual growth rate.

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. No changes produce a significant movement in the carrying value of goodwill allocated to a CGU and therefore no sensitivity analysis is presented.

Note 3a

Goodwill (continued)

Given the low risk of impairment and significant headroom available, the Directors do not believe that the key assumptions by CGU are material to the financial statements and therefore deem it appropriate to disclose the key assumptions at a summary level only.

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to the remaining assets of the CGU pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

The carrying value of goodwill allocated to cash-generating units is as follows:

	31 December 2016 £m	31 December 2015 £m
Global eCom	269.2	267.3
WPUK	716.8	717.5
WPUS	350.8	290.5
	1,336.8	1,275.3

Note 3b

Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and customer relationships. These are initially recognised at their fair value at the acquisition date. Subsequently, they are reported at cost less accumulated amortisation and impairment losses, if any.

Amortisation is recognised on a straight-line basis over the estimated useful economic life. The estimated useful economic lives and the amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

The useful lives applied by the Group are:

Customer relationships	3 to 20 years
Brands	7 to 10 years
Computer software	3 to 10 years

The weighted average useful life of customer relationships and brands are 13 years and 8 years respectively.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. These costs include directly attributable employee costs. However, any costs incurred in the research phase or as maintenance are expensed as incurred.

Notes to the consolidated financial statements
Section 3 – Non-current assets
continued

Note 3b
Other intangible assets (continued)

	Business combination intangibles		Computer software £m	Total £m
	Customer relationships £m	Brands £m		
Cost				
At 1 January 2015	751.0	24.9	335.2	1,111.1
Additions	–	–	148.8	148.8
Transfer to property, plant and equipment	–	–	(4.1)	(4.1)
Disposals	–	–	(2.8)	(2.8)
Foreign exchange impact	9.3	0.7	3.6	13.6
At 31 December 2015	760.3	25.6	480.7	1,266.6
Additions	–	–	161.6	161.6
Transfer from property, plant and equipment	–	–	8.5	8.5
Disposals	–	–	(1.5)	(1.5)
Foreign exchange impact	31.1	2.6	20.3	54.0
At 31 December 2016	791.4	28.2	669.6	1,489.2
Accumulated amortisation				
At 1 January 2015	(289.1)	(10.5)	(137.8)	(437.4)
Charge for the year	(65.5)	(2.4)	(31.0)	(98.9)
Impairment charge	–	–	(2.0)	(2.0)
Disposals	–	–	0.4	0.4
Foreign exchange impact	(7.3)	(0.2)	(1.8)	(9.3)
At 31 December 2015	(361.9)	(13.1)	(172.2)	(547.2)
Charge for the year	(47.5)	(2.8)	(43.4)	(93.7)
Disposals	–	–	1.3	1.3
Foreign exchange impact	(25.7)	(0.9)	(9.4)	(36.0)
At 31 December 2016	(435.1)	(16.8)	(223.7)	(675.6)
Net book value				
At 31 December 2016	356.3	11.4	445.9	813.6
At 31 December 2015	398.4	12.5	308.5	719.4

At 31 December 2016, £291.5m (2015: £235.3m) of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised.

Note 3c

Property, plant and equipment

Property, plant and equipment includes terminals, leasehold improvements and computers and office equipment.

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits, i.e. maintenance expenditure is excluded but enhancement costs that meet the criteria are capitalised.

Property, plant and equipment is depreciated to its residual value over its useful life on a straight-line basis. Estimates of the useful life and residual value, as well as the method of depreciation, are reviewed as a minimum at the end of each reporting period. Any changes are classified as a change in accounting estimate and so are applied prospectively.

Depreciation rates for each category of property, plant and equipment are as follows:

Terminals	3 to 5 years
Leasehold improvements	5 to 20 years
Computers and office equipment	3 to 5 years

Depreciation begins when the asset is ready for use and ceases on disposal of the asset, classification as held for sale or the end of its useful life, whichever is the sooner.

The gain or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.

Notes to the consolidated financial statements
Section 3 – Non-current assets
continued

Note 3c
Property, plant and equipment (continued)

	Terminals £m	Leasehold improvements £m	Computers and office equipment £m	Total £m
Cost				
At 1 January 2015	88.7	11.2	122.2	222.1
Transfer from intangible fixed assets	–	0.4	3.7	4.1
Additions	12.7	0.1	17.4	30.2
Disposals	(13.5)	(1.6)	(3.2)	(18.3)
Foreign exchange impact	–	0.2	0.4	0.6
At 31 December 2015	87.9	10.3	140.5	238.7
Transfer to intangible fixed assets	–	–	(8.5)	(8.5)
Additions	23.1	0.9	18.3	42.3
Disposals	(9.2)	–	(3.1)	(12.3)
Foreign exchange impact	0.2	0.1	7.6	7.9
At 31 December 2016	102.0	11.3	154.8	268.1
Accumulated depreciation				
At 1 January 2015	(56.2)	(2.1)	(37.1)	(95.4)
Charge for the year	(13.9)	(2.0)	(18.5)	(34.4)
Impairment charge	(0.2)	–	–	(0.2)
Disposals	13.5	0.2	0.2	13.9
Foreign exchange impact	–	(0.1)	(0.2)	(0.3)
At 31 December 2015	(56.8)	(4.0)	(55.6)	(116.4)
Charge for the year	(15.4)	(0.9)	(18.7)	(35.0)
Disposals	9.2	–	2.9	12.1
Foreign exchange impact	(0.2)	–	(3.9)	(4.1)
At 31 December 2016	(63.2)	(4.9)	(75.3)	(143.4)
Net book value				
At 31 December 2016	38.8	6.4	79.5	124.7
At 31 December 2015	31.1	6.3	84.9	122.3

At 31 December 2016, £49.8m (2015: £51.3m) of assets under the course of construction are shown within computers and office equipment. These assets are not yet being depreciated.

The net book value of assets held under finance leases at 31 December 2016 is, for Terminals £28.4m (2015: £18.1m) and for Computers and office equipment £9.5m (2015: £13.7m).

Note 3c

Property, plant and equipment (continued)

Terminals are leased by the Group to third-party merchants under operating leases. The future minimum lease rental receivables from operating leases are as follows:

	31 December 2016 £m	31 December 2015 £m
Terminal rentals due in:		
Less than one year	25.2	23.7
One to five years	5.9	5.7
Total	31.1	29.4

Impairment of non-current assets

The Group assesses its other intangible assets and property, plant and equipment for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the asset or its CGU when the asset does not generate largely independent cash flows, is estimated. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows from the asset or the CGU, discounted at the appropriate pre-tax rate.

The Group recognises any impairment loss resulting from these reviews in separately disclosed items in the income statement. Impairment losses, except those arising on goodwill, may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen. An exercise was undertaken to ascertain whether any of the intangible assets and property, plant and equipment were impaired. This review determined that there has been no impairment in the year ended 31 December 2016 (2015: £2.0m).

Notes to the consolidated financial statements

Section 4 – Trading assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result.

Note 4a**Merchant float, scheme debtors and merchant creditors**

Merchant float, scheme debtors and merchant creditors represent intermediary balances arising in the merchant settlement process.

Merchant float represents surplus cash balances that the Group holds on behalf of its customers, when the incoming amount from the card networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity. They are excluded from the Group cash flow statement to provide greater clarity over the Group's own cash movements.

Scheme debtors consist primarily of:

- › The Group's receivables from the card networks for transactions processed on behalf of customers, where it is a member of that particular network;
- › The Group's receivables from the card networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding; and
- › Other net receivables from the card networks.

Merchant creditors consist primarily of:

- › The Group's liability to customers for transactions that have been processed but not yet funded by the card franchises, where it is a member of that particular network;
- › The Group's liability to customers for transactions for which it is holding funding from the sponsoring bank under the sponsorship agreement but has not funded customers on behalf of the sponsoring bank; and
- › Merchant reserves and the fair value of the Group's guarantees of cardholder chargebacks. These are amounts held as deposits from customers, either from inception of Worldpay's working relationship with them, or accrued throughout the relationship due to payment issues arising or potential chargebacks.

Note 4b

Trade and other receivables

Trade and other receivables are initially recognised at fair value in the year to which they relate. They are subsequently held at amortised cost, less any provision for bad or doubtful debts. Provisions for bad or doubtful debts are presented net with the related receivables on the balance sheet. Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

	31 December 2016 £m	31 December 2015 £m
Trade receivables	352.5	288.8
Prepayments and accrued income	104.6	93.6
Other receivables	16.7	14.1
Total	473.8	396.5

The trade receivables balance can be further analysed as follows:

	31 December 2016 £m	31 December 2015 £m
Gross trade receivables	387.4	326.8
Impairment provisions	(34.9)	(38.0)
Net trade receivables	352.5	288.8

The movement in the impairment provision can be further analysed as follows:

	31 December 2016 £m	31 December 2015 £m
At 1 January	(38.0)	(32.3)
Additional provision in the year	(21.4)	(16.8)
Released	0.6	1.3
Utilised in the year	24.2	9.7
Foreign exchange	(0.3)	0.1
At 31 December	(34.9)	(38.0)

Impaired receivables are analysed as follows:

	31 December 2016 £m	31 December 2015 £m
Cost of impaired receivables	38.2	42.0
Impairment provision	(34.9)	(38.0)
Net impaired receivables	3.3	4.0

Trade receivables of £55.1m (2015: £26.9m) were between zero and three months past due at the balance sheet date but not considered impaired.

Notes to the consolidated financial statements
Section 4 – Trading assets and liabilities
continued

Note 4c

Trade and other payables

Trade and other payables are recognised initially at fair value in the period to which they relate. They are subsequently held at amortised cost using the effective interest rate method. They are derecognised when payment has been made.

	31 December 2016 £m	31 December 2015 £m
Trade payables	160.4	133.8
Accruals and deferred income	180.1	140.6
Other liabilities	92.0	59.9
Total	432.5	334.3

Note 4d

Provisions

The Group recognises a provision for a present obligation resulting from a past event when it is probable that it will be required to transfer economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably.

Onerous contracts are recognised immediately as a provision. The amount recognised is the excess of the unavoidable costs of the contract over any expected economic benefits arising from the contract. Dilapidation provisions represent the liabilities incurred to date in order to restore the leased properties to their original state at the end of the lease terms.

Restructuring provisions are only recognised when there is a detailed plan of the restructure that has been communicated and the proposed restructure is sufficiently imminent to mean that it is unlikely any significant changes will be made to the plan. The provision recognised includes costs that are directly attributable to the restructure and excludes any costs on ongoing activities, such as relocation or training of staff and marketing costs.

	Loss Share Agreement £m	Merchant potential liabilities £m	Reorganisation and restructuring £m	Deferred and contingent consideration £m	Onerous lease provision and dilapidations £m	Other £m	Total £m
At 1 January 2015	–	(0.3)	–	(19.5)	(1.0)	(0.6)	(21.4)
Utilised in the year	–	0.2	0.9	14.0	–	0.3	15.4
Released	–	–	–	4.0	0.5	0.1	4.6
Additions	–	–	(2.1)	(1.4)	(0.3)	(3.8)	(7.6)
Foreign exchange	–	–	–	0.3	–	–	0.3
At 31 December 2015	–	(0.1)	(1.2)	(2.6)	(0.8)	(4.0)	(8.7)
Utilised in the year	–	–	0.9	2.5	–	4.4	7.8
Released	–	–	0.1	–	0.1	1.1	1.3
Additions	(241.4)	(2.9)	–	–	(0.6)	(0.9)	(245.8)
Foreign exchange	(27.1)	–	(0.2)	(0.5)	(0.1)	(0.8)	(28.7)
At 31 December 2016	(268.5)	(3.0)	(0.4)	(0.6)	(1.4)	(0.2)	(274.1)

	31 December 2016 £m	31 December 2015 £m
Current	(272.8)	(8.0)
Non-current	(1.3)	(0.7)
Total	(274.1)	(8.7)

The provision for Loss Share Agreement relates to the Visa Europe transaction. Details can be found in Note 5i.

Merchant potential liabilities are projected chargebacks anticipated to be incurred in future periods in relation to merchant accounts where any related trade receivable balance has already been fully provided (Note 4b). Whilst there is uncertainty over the timing to settle the provision of £3.0m, it is anticipated this will be substantially resolved within the next 12 months.

Note 4d**Provisions** (continued)

Contingent consideration is recognised when relevant criteria in the purchase agreements are met. The utilisation of the deferred and contingent consideration provision in the year relates to payments for the acquisition of Century. Where provisions for deferred and contingent consideration were released or revalued in the year, they are shown in separately disclosed items.

Note 4e**Note to cash flow statement**

Cash and cash equivalents comprises cash and demand deposits with banks, together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Merchant float is excluded from the cash flow statement.

The table below reconciles the profit for the year before tax to cash generated by operations:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Operating activities		
Profit before tax	264.1	19.1
Adjustments for:		
Depreciation and impairment of property, plant and equipment (see Note 3c)	35.0	34.6
Amortisation and impairment of intangible assets (see Note 3b)	93.7	100.9
Foreign exchange losses/(gains)	5.5	(10.1)
Profit on sale of assets	–	(0.8)
Share of results of joint venture and associate (see Note 6b)	1.5	1.2
Finance costs	10.9	146.6
Net cash inflow from operating activities before movements in working capital	410.7	291.5
Increase in trade and other receivables	(50.7)	(9.5)
Increase in trade and other payables	33.8	63.2
(Decrease)/increase in provisions	(1.4)	0.5
Cash generated by operations	392.4	345.7

Notes to the consolidated financial statements

Section 5 – Financing and equity

This section details the Group's debt and the related financing costs. It also shows the Group's capital.

Note 5a **Finance income/(costs)**

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Separately disclosed finance income		
Finance income – Visa Europe shares	–	195.7
Net gain on disposal of financial assets – Visa Europe	207.0	–
Fair value gain on Visa Inc. preference shares	4.3	–
Dividend income on Visa Inc. preference shares	1.7	–
Foreign exchange gains	58.6	–
Finance income – Visa Europe (see Note 5i)	271.6	195.7
Underlying finance costs		
Effective interest on borrowings	(51.9)	(119.8)
Effective interest on finance leases	(1.7)	(1.1)
Loan notes – interest	–	(12.1)
Amortisation of banking facility fees	(4.7)	(11.9)
Fair value gains/(losses)	2.1	(0.6)
Other finance costs	(4.1)	(5.7)
Finance costs	(60.3)	(151.2)
Separately disclosed finance costs		
Foreign exchange losses	(60.5)	(5.5)
Costs associated with refinancing	–	(44.7)
Finance costs	(60.5)	(50.2)
Finance costs – CVR liabilities (see Note 5i)	(161.7)	(140.9)

Note 5b
Net debt

	Own cash and cash equivalents ¹ £m	Senior bank borrowings £m	Senior unsecured notes £m	Subordinated borrowings £m	Loan notes £m	Finance leases £m	Total £m
At 1 January 2015	168.7	(1,826.1)	–	(450.5)	(118.0)	(28.2)	(2,254.1)
Cash flows	(5.6)	769.5	(356.6)	483.0	130.1	0.1	1,020.5
Finance costs	–	(85.3)	(2.0)	(32.5)	(12.1)	(1.1)	(133.0)
Fair value losses	–	(0.6)	–	–	–	–	(0.6)
Other non-cash flows	–	(38.5)	4.9	–	–	–	(33.6)
Exchange movements	2.2	(14.8)	(11.9)	–	–	–	(24.5)
At 31 December 2015	165.3	(1,195.8)	(365.6)	–	–	(29.2)	(1,425.3)
Cash flows	492.1	75.2	15.7	–	–	(1.4)	581.6
Finance costs	–	(36.5)	(15.4)	–	–	(1.7)	(53.6)
Fair value gains	–	1.9	0.2	–	–	–	2.1
Other non-cash flows	–	(3.9)	(0.8)	–	–	–	(4.7)
Exchange movements	57.0	(65.4)	(58.3)	–	–	–	(66.7)
At 31 December 2016	714.4	(1,224.5)	(424.2)	–	–	(32.3)	(966.6)

¹ Own cash and cash equivalents at 31 December 2016 includes £401.4m held in relation to the CVR holders.

Note 5c
Borrowings

The Group classifies its borrowings between senior bank borrowings and senior unsecured notes. Both are held at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised to form part of the cost of that asset. Capitalisation starts when the asset is actively being built or prepared for use and suspended when developed activities stop.

Interest accruals and other costs related to borrowings are shown as finance costs in the income statement. The effective interest calculation on senior and subordinated borrowings includes capitalised finance costs.

The Group's borrowings comprise a £248.4m three-year Term Facility (Facility 1), a £900m five-year Term Facility (Facility 2) and €500m 3.75% senior unsecured notes due in 2022. The rates of interest on the term facilities are LIBOR based plus a margin dependent on leverage. The maximum margin for Facility 1 is 2.00% and 2.50% for Facility 2. The Group also has a £200m revolving credit facility (RCF).

	Senior bank borrowings £m	Senior unsecured notes £m	Total £m
Current	(7.2)	(2.0)	(9.2)
Non-current	(1,188.6)	(363.6)	(1,552.2)
At 31 December 2015	(1,195.8)	(365.6)	(1,561.4)
Current	(9.1)	(2.1)	(11.2)
Non-current	(1,215.4)	(422.1)	(1,637.5)
At 31 December 2016	(1,224.5)	(424.2)	(1,648.7)

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

Note 5c

Borrowings (continued)

The key terms on the Group's senior bank borrowings are as follows:

Facility	GBP £m	CCY	Repayment type	Coupon rate
Facility 1	247.8	GBP	Bullet	LIBOR + 1.75%
Facility 2	573.9	GBP	Bullet	LIBOR + 2.25%
Facility 2	404.7	USD	Bullet	LIBOR + 2.25%
RCF	(1.9)	GBP	Revolver	LIBOR + 2.25%
Senior unsecured notes	424.2	EUR	Bullet	3.75%
Total	1,648.7			

Undiscounted cash outflow to repay the Group's borrowings, including future interest payments to the relevant maturity dates, are disclosed below.

Cash outflow due in:	£m
2017	52.4
2018	300.3
2019	44.2
2020	1,024.2
2021	16.0
2022	443.2
Total	1,880.3

Note 5d

Lease arrangements

Leases are classified as either operating or finance leases. Classification depends on the substance of the lease transaction rather than the legal form of the lease agreement. Where substantially all of the risks and rewards of ownership lie with the lessee, the lease is classified as a finance lease. All other arrangements identified as leases are considered to be an operating lease.

Finance leases

Where the Group is the lessee of a finance lease, it recognises both the leased asset and a finance lease liability. The asset is amortised or depreciated over its useful life or the lease term, whichever is the shorter. The finance lease liability is unwound over the life of the lease at the rate implicit in the lease.

A sale and leaseback transaction is one where an asset is sold to a third party and immediately leased back. Where the leaseback is a financial lease, the gain or loss is deferred and recognised over the life of the lease on a straight-line basis. For operating leasebacks, profit or loss is recognised either immediately or over the life of the lease, depending on the values of the sale and lease relative to fair value

Finance lease liabilities are payable as follows:

	2016			2015		
	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m
Less than one year	14.9	(1.1)	13.8	16.1	(1.1)	15.0
One to five years	19.1	(0.6)	18.5	14.8	(0.6)	14.2
	34.0	(1.7)	32.3	30.9	(1.7)	29.2

Note 5d**Lease arrangements** (continued)

The Group entered into leasing arrangements for certain tangible fixed assets in 2016. The majority of finance leases have a lease term of three years.

For the current financial period the average effective borrowing rate was 4.9% (2015: 5.2%).

Interest rates are fixed at the contract date and all finance lease obligations are denominated in Sterling. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Operating lease arrangements

Operating lease income/expense is taken to the income statement on a straight-line basis. Any lease incentives are spread over the life of the lease.

At 31 December 2016, the Group had obligations to make non-cancellable operating lease payments as follows:

	2016		2015	
	Land and buildings £m	Office equipment £m	Land and buildings £m	Office equipment £m
Less than one year	19.6	0.1	8.5	0.4
One to five years	61.3	–	47.7	0.4
After five years	69.2	–	70.6	–
Total	150.1	0.1	126.8	0.8

Note 5e**Financial instruments**

On initial recognition, financial assets and liabilities are classified into the relevant category and recognised at fair value. Their subsequent measurement, at either fair value or amortised cost, is dependent upon their initial classification.

Amortised cost is calculated using the effective interest rate method. Individual non-derivatives and their treatment are explained in their separate notes.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts. Financial assets are derecognised when the Group transfers the financial asset, or the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

The Group operates net investment hedges, using foreign currency borrowings. The effective portion of the foreign exchange gain or loss on retranslation of the hedging instrument is taken to the foreign currency translation reserve. Any ineffective portion is recognised immediately in the income statement. If the hedged investment is disposed of then any balance held in reserves is recycled to the income statement.

In the current year, a loss of £21.8m (2015: loss of £8.2m) was taken to the foreign exchange reserve in relation to net investment hedging.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in separately disclosed items in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

Note 5e

Financial instruments (continued)

The Group's financial assets and liabilities are as follows:

Financial assets

	31 December 2016 £m	31 December 2015 £m
Trade receivables	352.5	288.8
Other receivables	16.7	14.1
Own cash and cash equivalents	714.4	165.3
Financial assets – Visa Europe shares (see Note 5i)	–	195.7
Financial assets – Visa Inc. preference shares (see Note 5i)	192.1	–
Deferred consideration – Visa Europe (see Note 5i)	48.0	–
Total	1,323.7	663.9

Financial liabilities

	31 December 2016 £m	31 December 2015 £m
Trade payables	(160.4)	(133.8)
Other liabilities	(90.2)	(59.9)
Finance leases	(32.3)	(29.2)
Borrowings	(1,648.7)	(1,561.4)
Financial liabilities – CVR liabilities (see Note 5i)	(302.6)	(140.9)
Total	(2,234.2)	(1,925.2)

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group operates throughout the world, with major operations in the United Kingdom, Europe and the US.

Foreign currency risk is managed at a Group level, focusing on two distinct areas: Group assets and liabilities and customer transactions (relating to the Group's payment business).

Financial assets

	31 December 2016 £m	31 December 2015 £m
GBP	804.2	154.5
EUR	253.8	319.0
USD	219.4	148.1
Other	46.3	42.3
Total	1,323.7	663.9

Note 5e
Financial instruments (continued)
Financial liabilities

	31 December 2016 £m	31 December 2015 £m
GBP	(1,239.6)	(989.5)
EUR	(414.3)	(508.7)
USD	(340.1)	(424.7)
Other	(240.2)	(2.3)
	(2,234.2)	(1,925.2)

Customer transactions

Receipts from the card networks generally match merchant payments in each currency. Where there is a difference in settlement currency, the time between receipt and settlement is generally limited to a small number of days. Given the short-term nature of these balances there is no material gross credit, liquidity, foreign exchange or market risk associated with them. Therefore, these balances, i.e. merchant float, scheme debtors and merchant creditors, are excluded from this note.

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 1% strengthening in the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group.

31 December 2016 (£m)	EUR	USD	Other
Monetary assets	253.8	219.4	46.3
Monetary liabilities	(414.3)	(340.1)	(240.2)
Net monetary liabilities	(160.5)	(120.7)	(193.9)

Currency impact (£m)	(1.6)	(1.2)	(1.9)
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31 December 2015 (£m)	EUR	USD	Other
Monetary assets	319.0	148.1	42.3
Monetary liabilities	(508.7)	(424.7)	(2.3)
Net monetary (liabilities)/assets	(189.7)	(276.6)	40.0

Currency impact (£m)	(1.9)	(2.8)	0.4
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The following significant exchange rates versus Sterling applied during the year and the prior year:

	Average		Reporting date	
	2016	2015	2016	2015
EUR	1.23	1.38	1.17	1.36
USD	1.36	1.53	1.23	1.47

Interest rate risk management

The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and mismatches on maturities between borrowings and cash, resulting in variable interest cash flows.

Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

Note 5e
Financial instruments (continued)
Interest rate sensitivity analysis

	EUR		GBP		USD		Other	
	31 December 2016 £m	31 December 2015 £m	31 December 2016 £m	31 December 2015 £m	31 December 2016 £m	31 December 2015 £m	31 December 2016 £m	31 December 2015 £m
Own cash and cash equivalents	223.5	103.8	389.8	10.7	64.8	22.1	36.3	28.7
Merchant float	223.4	181.6	575.8	390.1	(39.4)	117.3	252.3	7.4
Borrowings	(424.2)	(365.7)	(819.7)	(857.7)	(404.8)	(338.0)	–	–
Net variable rate assets/(liabilities)	22.7	(80.3)	145.9	(456.9)	(379.4)	(198.6)	288.6	36.1

A 1% increase in interest rates would result in:

- › An incremental increase of 0.74% (2015: 0.76%) on debt costs, as the senior unsecured notes have a fixed interest rate of 3.75%.
- › An increase of 1.00% in float income arising from cash balances receiving floating rate interest.

The net impacts of the above would be increased costs of £8.3m (2015: £8.6m increase in costs).

The Group's Sterling senior bank debt at 31 December 2016 does not have a floor rate (no floor rate as at 31 December 2015).

Credit risk management

Credit risk arises from the failure of a merchant or partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

The Group does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds.

In circumstances where funds to merchants have been settled prior to receipt of those funds from the card networks a credit risk would arise. This risk is deemed to be extremely remote as these funds are generally settled within two days and thus it would require the sudden collapse of at least one significant card issuer without any State intervention.

The Group regularly monitors and assesses counterparty and non-performance risk and our most significant network and bank partners are either State owned or have investment grade ratings.

Further information is included in the Principal risks and uncertainties section of this report on page 39.

Liquidity risk management

The Group's liquidity risk management focuses on two distinct areas; own cash and settlement cash for customers (relating to the Group's payment business).

Own cash

The Group is committed to ensuring it has sufficient liquidity to meet its payables as they fall due.

This is achieved by holding significant cash balances and maintaining sufficient committed headroom. As at 31 December 2016, the Group had own cash balances of £714.4m (2015: £165.3m) of which £401.4m is held in relation to CVR holders. Available headroom under its revolving credit facility is £200.0m (2015: £160.0m).

Settlement cycle

The Group has a short-term settlement cycle where card networks (predominantly Visa and Mastercard) remit cash and the Group pays merchants from these remittances within three days.

The majority of funds are received prior to remittance to the merchant, resulting in significant cash balances relating to the settlement cycle. The Group has an Intra-Day Agreement Facility of £1.6bn to ensure payments can be processed whilst awaiting card network remittances.

Note 5f
Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary shares at 1 January 2015	1.00	50,000,000	50.0
Conversion of ordinary shares into CVRs	1.00	(1,847,500)	(1.8)
Sub-total ordinary shares after CVR conversion	1.00	48,152,500	48.2
Sub-division of remaining ordinary shares	0.03	1,605,083,333	48.2
New share issued	0.03	394,916,667	11.8
Total ordinary shares in issue at 31 December 2015 and at 31 December 2016	0.03	2,000,000,000	60.0

On 12 October 2015, the Company converted 1,847,500 ordinary shares into 1,000,000 CVRs which is a separate class of shares in the Company in the form of Contingent Value Rights. These shares are a liability by nature and therefore are classified as liabilities on the balance sheet and are described in more detail in Note 5i. On the same day, the Company sub-divided the remaining ordinary shares by reducing the nominal value from £1.00 per share to £0.03 per share.

On 16 October 2015, the Company issued 394,916,667 ordinary shares with a premium of £2.37 per share. At 31 December 2016, all ordinary shares are fully paid up at par.

The holders of ordinary shares are entitled to dividends and one vote per share at meetings of the Company.

Note 5g
Capital resources

The Group's capital consists of equity, comprising issued share capital, share premium, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services.

The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

Note 5h
Other equity

The Group has introduced a number of share based award schemes in 2016 and 2015 and has purchased its own shares in order to hedge the cash outflow upon the vesting of the schemes. Details of the awards can be found in Note 2c.

The movement in own shares can be analysed as follows:

	2016 Number	2015 Number	2016 £m	2015 £m
At 1 January	9,866,475	–	23.7	–
Additions	2,498,333	9,866,475	6.9	23.7
At 31 December	12,364,808	9,866,475	30.6	23.7

During the IPO process in 2015, £31.4m was received from the former parent companies to fund various share award schemes the Group granted.

As part of the Group restructuring in preparation for the IPO in 2015, the Company effected a capital reduction which resulted in a transfer of £818.7m from share premium to retained earnings.

Notes to the consolidated financial statements

Section 5 – Financing and equity

continued

Note 5i

Visa Europe

Disposal of Visa Europe shares

On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m. The consideration is made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the €547.5m of up-front cash consideration.

Contingent Value Rights (CVRs)

The holders of the CVRs (a separate class of shares in the Company) are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. The settlement of the CVR liabilities could take up to 12 years depending on the settlement of the claims under the LSA.

The CVRs are non-voting and are not convertible into ordinary shares. Given the nature of the CVRs, they are classified as financial liabilities recognised initially at fair value and subsequently at amortised cost, with the gain or loss recognised in 'Finance costs – CVR liabilities' in the Group's income statement.

Accounting treatment

Visa Europe asset

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in 'Finance income – Visa Europe' in the Group's income statement.

Consideration from disposal of Visa Europe shares

'Own cash and cash equivalents' includes £401.4m in relation to the CVR holders. The deferred cash consideration has been included in non-current 'Deferred consideration – Visa Europe'. All balances have been revalued to period end rates in the Group balance sheet as at 31 December 2016.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD. Any excess of the potential losses from Visa Europe interchange litigation under the LSA has been included in 'Provisions' within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Visa Inc. preference shares are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, and the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD, for which there are no identical transactions with regularly available market prices. The LSA liability is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and the LSA liability as at 31 December 2016, the Directors have considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for, and calculated a weighted average.

Note 5i**Visa Europe** (continued)

It is reasonably possible that, if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares and the LSA liability. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares and the LSA liability will not be resolved until the obligations under the LMD and LSA are extinguished which is dependent upon final resolution of all related claims.

CVR liabilities

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Conclusion

Based on the above, the following has been recognised in the Group's financial statements:

	31 December 2016 £m	31 December 2015 £m
Balance sheet		
Non-current assets		
Deferred consideration – Visa Europe	48.0	–
Financial assets – Visa Inc. preference shares	192.1	–
Current assets		
Financial assets – Visa Europe shares	–	195.7
Own cash and cash equivalents*	446.5	–
Current liabilities		
Current tax liabilities	(49.4)	–
Provisions	(268.5)	–
Financial liabilities – CVR liabilities	(302.5)	(140.9)
Deferred tax liabilities	(32.6)	(39.2)
Net assets	33.6	15.6

* Includes £401.4m of cash in relation to the CVR holders.

	31 December 2016 £m	31 December 2015 £m
Income statement		
Finance income – Visa Europe shares	–	195.7
Net gain on disposal of financial assets – Visa Europe	207.0	–
Fair value gain on Visa Inc. preference shares	4.3	–
Foreign exchange gains	58.6	–
Dividend income on Visa Inc. preference shares	1.7	–
Finance costs – CVR liabilities	(161.7)	(140.9)
Profit before tax	109.9	54.8
Tax	(91.9)	(39.2)
Profit after tax	18.0	15.6

Sensitivity analysis

The fair value of the 'Financial assets – Visa Inc. preference shares' and the LSA provisions are sensitive to the significant unobservable inputs. At the reporting date a 5% swing in the valuation of the potential losses from Visa Europe interchange litigation under the LMD and the LSA, one of the significant unobservable inputs, holding other inputs constant would result in a change in the valuation of the disposal of £22.5m and an impact on profit after tax of £2.5m (after adjusting for the change in the CVR liabilities of £20.2m).

Notes to the consolidated financial statements

Section 6 – Group composition – subsidiaries, acquisitions and disposals

This section shows the Group's subsidiaries, details about subsidiaries the Group has acquired during the year and prior years and details about any subsidiaries that have been disposed of during the year and prior years.

Consolidation

The consolidated financial statements incorporate the financial statements of Worldpay Group plc and entities controlled by it (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of Worldpay Group plc and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The year end assets and liabilities of the entities are consolidated with those of Worldpay Group plc and presented in the consolidated balance sheet.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the IFRS policies used by the Group and for any fair value adjustments required on consolidation.

All intra-Group balances, income and expenses and the effect of any intra-Group profits on the balance sheet are eliminated in full on consolidation.

Note 6a

Investments in subsidiaries

An entity is classified as a subsidiary of the Group when the Group has control over that entity, either through majority shareholding or other means.

Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value; it includes cash, other assets transferred and any contingent consideration due to the former owners of the acquiree. Acquisition-related costs are recognised in the income statement as incurred. The identifiable assets acquired and the liabilities assumed are recognised at their fair value as at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and any non-controlling interest over the fair value of the net identifiable assets acquired, liabilities assumed plus any existing interest in the business acquired. If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the following reporting period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Disposals

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Note 6a**Investments in subsidiaries** (continued)**Non-controlling interests**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The Group has the following subsidiaries:

	Country of incorporation	Nature of business	Registration numbers for UK companies	Ordinary shares held %
UK subsidiaries				
WorldPay (UK) Limited ¹	England	Provision of terminal card payment clearing services	07316500	100
WorldPay Limited ¹	England	Provision of online card payment clearing services	03424752	100
Payment Trust Limited* ¹	England	Online payments clearing	03447368	100
Ship Midco Limited* ¹	England	Holding company servicing Group debt	07330127	100
Ship Holdco Limited* ¹	England	Holding company	07329558	100
Worldpay Finance plc* ¹	England	Holding company	07392739	100
WorldPay eCommerce Limited* ¹	England	Holding company servicing Group debt	07357615	100
WorldPay AP Ltd (formerly Envoy Services Limited) ¹	England	Provision of alternative card payment clearing services	05593466	100
YESPay International Limited* ¹	England	Provision of innovative all in one solutions for payment processing	04509853	100
Tayvin 346 Limited* ¹	England	Support YESPay International Limited	05671088	100
Yes-Secure.com Limited* ¹	England	Support YESPay International Limited	06785381	100
Cardsave (UK) Limited* ¹	England	Support Cardsave Group Limited	03923838	100
Worldpay Latin America Limited* ¹	England	Provision of approval technology and other card payment services to merchants	09086632	100
Cardsave Group Limited* ²	England	Provision of merchant terminals and related membership services	06281817	100
Cardsave Acquisitions Limited* ²	England	Support Cardsave Group Limited	06281830	100
Cardsave Community Limited* ²	England	Support Cardsave Group Limited	06874423	100
Cardsave Holdings Limited* ²	England	Support Cardsave Group Limited	05207657	100
Cardsave Online Limited* ²	England	Support Cardsave Group Limited	06663768	100
Cardsave Merchant Services Limited* ²	England	Support Cardsave Group Limited	06874395	100
Cardsave EBT Limited* ²	England	Support Cardsave Group Limited	05799005	100
Cardsave Finance Limited* ²	England	Support Cardsave Group Limited	03889530	100
Modacs Limited* ²	England	Support Cardsave Group Limited	02896295	100
Cardsave Terminals Limited* ²	England	Support Cardsave Group Limited	03103708	100
WorldPay Limited ³	Jersey	Holding company	69490	100
Overseas subsidiaries				
Ship Luxco 2 S.à r.l. ⁴	Luxembourg	Holding company		100
Ship Luxco 3 S.à r.l. ⁴	Luxembourg	Holding company		100
WorldPay US, Inc. ⁵	USA	Provision of terminal card payment clearing services and ATM services		100
Worldpay US Holdco Inc. ⁶	USA	Holding company		100
Worldpay Inc. ⁶	USA	Holding company		100
Ship US Holdco, Inc. ⁶	USA	Holding company		100
Worldpay (HK) Limited ⁷	Hong Kong	Provision of approval technology and other card payment services to merchants		100
Worldpay B.V. ⁸	The Netherlands	Provision of terminal and online card payment clearing services		100
YESPay International Limited ⁹	Canada	Support YESPay International Limited		100

Notes to the consolidated financial statements

Section 6 – Group composition – subsidiaries, acquisitions and disposals
continued

Note 6a

Investments in subsidiaries (continued)

	Country of incorporation	Nature of business	Ordinary shares held %
YESpay IT services (India) Private Limited ¹⁰	India	Support YESpay International Limited	100
EBOT IT Services Private Limited ¹⁰	India	Support YESpay International Limited	100
Enviado Transacciones Sociedad Limitada ¹¹	Spain	Support Worldpay AP Limited	100
Envoy Services Bulgaria Limited ¹²	Bulgaria	Support Worldpay AP Limited	100
Envoy Services South Africa (Pty) Limited ¹³	South Africa	Support Worldpay AP Limited	100
Envoy Services Denmark APS ¹⁴	Denmark	Support Worldpay AP Limited	100
Envoy Services Pty Limited ¹⁵	Australia	Support Worldpay AP Limited	100
Worldpay Sweden AB ¹⁶	Sweden	Support Worldpay AP Limited	100
Canadian Envoy Technology Services Limited ¹⁷	Canada	Support Worldpay AP Limited	100
Envoy Services OU ¹⁸	Estonia	Support Worldpay AP Limited	100
Worldpay Canada Corporation ¹⁹	Canada	Research and development	100
Worldpay Pte ²⁰	Singapore	Distribution of Worldpay TM e-commerce solutions	100
Worldpay K.K. ²¹	Japan	Provision of card payment clearing services	100
Bibit Payment K.K. ²²	Japan	Provision of approval technology and other card payment services to merchants	100
Bibit Secure Internet Payments Inc. ²³	USA	Provision of approval technology and other card payment services to merchants	100
Worldpay S.A.R.L. ²⁴	France	Provision of approval technology and other card payment services to merchants	100
Bibit Spain S.L.U. ²⁵	Spain	Provision of approval technology and other card payment services to merchants	100
Worldpay do Brasil Processamento de Pagamentos Ltda ²⁶	Brazil	Provision of alternative card payment clearing services	100
Worldpay Pty Ltd ²⁷	Australia	Provision of terminal card payment clearing services	100
Worldpay Holdings Brasil Participacoes Ltda ²⁸	Brazil	Holding company	100
Worldpay Marketing Consulting (Shanghai) Co. Limited ²⁸	China	Sales organisation	100

Principal place of business:

- 1 The Walbrook Building, 25 Walbrook, London EC4N 8AF
- 2 Parkway Offices, Acorn Business Park, Moss Road, Grimsby, North East Lincolnshire, DN32 0LW
- 3 44 Esplanade, St Helier, Jersey, JE4 9WG
- 4 4 Rue Jean-Pierre Probst, L-2352, Luxembourg
- 5 Corporation Service Company, 40 Technology Parkway Southsuite 300, Fulton, Norcross, GA, 30092, USA
- 6 2711 Centreville Road, Suite 400, Wilmington, New Castle, Delaware, 19808, USA
- 7 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
- 8 Claude Debussylaan 16, 1082 MD, Amsterdam, Netherlands
- 9 36 Toronto Street, 920 Toronto, ON M5C 2C5, Canada
- 10 L-2A Hauz Khas Enclave, New Delhi, 110016, India
- 11 Paseo de la Castellana 8, 5^a Dcha, 28046, Madrid, Spain
- 12 2 Tsar Osvoboditel Blvd., 1000 Sofia, Bulgaria
- 13 Block B, Bradford House, 12 Bradford Road, Bedfordview, South Africa
- 14 c/o Beierholm, Gribskovvej 2, 2100 København Ø, Denmark
- 15 Level 13, 74 Castlereagh Street, Sydney NSW, 2000 Australia

- 16 Box 3095, 35053, Vaxjo, Sweden
- 17 #302-1224 Hamilton Street, Vancouver BC V6B 2S8, Canada
- 18 Ahtri tn 6a, Tallinna linn, Harju maakond, 10151, Estonia
- 19 9800 Cavendish Blvd, Suite 510, Montreal, Québec, H4M 2V9, Canada
- 20 80 Raffles Place, #28-03, UOB Plaza, Singapore, 48624, Singapore
- 21 3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan
- 22 2579-16 Morigane, Hitachiomiya-shi, Ibarakiken 319-3102, Japan
- 23 160 Greentree Drive Ste 101, Dover, Delaware, 19904, USA
- 24 19 Boulevard, Malesherbes, 75008, Paris, France
- 25 Jorge Juan 30, 28001, Madrid, Spain
- 26 Rua Fidêncio Ramos, 302, Conjunto 114, Torre B, Bairro Vila Olimpia, 04551-010, São Paulo, Brazil
- 27 TMF Corporate Services (Australia) Pty Limited, Level 11, 50 Queen Street, Melbourne, Victoria 3000, Australia
- 28 Suite 3601-3605, 36F, Shanghai International Center, Tower 2, No.8 Century Avenue, Pudong, Shanghai PRC, China.

* As permitted by s479A of the Companies Act 2006, the Group has taken the advantage of the audit exemption in relation to the individual accounts of these companies.

All significant subsidiary undertakings have 31 December as their financial year ends and all the above companies have been included in the Group consolidation.

The Group also has a joint venture and an investment as disclosed in Note 6b.

Note 6b**Joint venture and associate**

The joint venture and associate are accounted for using the equity method whereby the interest in the joint venture and associate is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets less any impairment in the value of individual investments. The Group's income statement includes the Group's share of the profit or loss of the joint venture and associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Pazien Inc. (incorporated in the USA, registered office Corporation Trust Center, 1209 Orange St., in the City of Wilmington, County of New Castle, DE 18801, State of Delaware) is an innovative start-up creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for Global eCom merchants. In 2016, the Group increased its share holding in Pazien Inc. to 58.0% (2015: 51.0%). As we only own 50% of the voting rights we do not have control and so Pazien Inc. is accounted for as a joint venture using the equity method in the Group's financial statements.

The table below sets out the aggregated amounts relating to the joint venture and associate:

	2016 £m	2015 £m
At 1 January	5.2	3.2
Additions	2.0	3.2
Share of loss	(1.5)	(1.2)
Reclassification to Investment	(2.7)	–
Foreign exchange gain	1.3	–
At 31 December	4.3	5.2
Total assets	1.9	7.6
Total liabilities	–	(0.3)
Net assets	1.9	7.3
Group share of net asset	1.1	2.3
Joint venture and associate revenue	0.1	0.2
Loss for the year	(2.5)	(2.8)
Group share of joint venture and associate loss for the year	(1.5)	(1.2)

Blue Star Sports Holdings, Inc., formerly known as Spay, Inc., is a referral company specialising in the sports sector and was accounted for as an associate until an independent third party invested in this company in 2016. As a result, the Group's shareholding was reduced to 6.5% from 25.0% and our ability to appoint two Board members was replaced with the entitlement to nominate an observer to the Board. The investment in Blue Star Sports Holdings, Inc. was therefore reclassified to an investment. Subsequently a further cash injection was made of £0.6m to avoid further dilution. At 31 December 2016 the investment in Blue Star Sports Holdings, Inc. is £3.3m.

Notes to the consolidated financial statements

Section 7 – Other notes

This section includes disclosure on contingent liabilities and related parties.

Note 7a

Contingent liabilities

Contingent liabilities primarily comprise guarantees, letters of credit and other contingent liabilities, all of which arise in the Group's ordinary course of business. They are disclosed when the associated outflow of economic benefits is considered possible. The Group's maximum contractual exposure at 31 December 2016 was £62.6m (2015: £32.8m).

Note 7b

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, the Directors and any other entities over which the Directors have significant influence.

The related party transactions between the joint venture and associate all arose in the normal course of business and are conducted on an arm's length basis. A list of the Group's subsidiaries is in Note 6a and details of the joint venture and associate are in Note 6b.

There are no related party transactions with the Directors outside of their employment by the Group.

Key management

The Group's policy is for its subsidiary undertakings to bear the costs of their full time staff. The Group also recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

Key management comprises the Directors of Worldpay Group plc. The emoluments of the Directors are met by the Group.

Company balance sheet

As at 31 December 2016

	Notes	2016 £m	2015 £m
Fixed assets			
Investment in subsidiary undertakings	c3	1,709.3	1,704.3
		1,709.3	1,704.3
Current assets			
Debtors	c4	22.9	159.7
Current tax assets		–	6.8
Own cash and cash equivalents		2.0	–
Own cash and cash equivalents – held in relation to CVR holders		353.3	–
		378.2	166.5
Total assets		2,087.5	1,870.8
Creditors: amounts falling due within one year			
Trade and other creditors	c5	(28.8)	(22.4)
Financial liabilities – CVR liabilities (see Note 5i)		(302.5)	(140.9)
		(331.3)	(163.3)
Net current assets		46.9	3.2
Net assets		1,756.2	1,707.5
Capital and reserves			
Called-up share capital	c6	60.0	60.0
Share premium		883.8	883.8
Own shares		(30.6)	(23.7)
Capital contribution reserve		31.4	31.4
Retained earnings		811.6	756.0
Total shareholders' funds		1,756.2	1,707.5

The accompanying notes on pages 151 to 152 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 7 March 2017. They were signed on its behalf by:

Rick Medlock
Chief Financial Officer

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Company statement of changes in equity

For the year ended 31 December 2016

	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Retained earnings/ (deficit) £m	Total £m
At 1 January 2015	50.0	818.7	–	–	(37.1)	831.6
Loss for the year	–	–	–	–	(24.1)	(24.1)
Capital reduction	–	(818.7)	–	–	818.7	–
Ordinary Shares conversion	(1.8)	–	–	–	–	(1.8)
Ordinary Shares issuance	11.8	936.0	–	–	–	947.8
IPO fees capitalised	–	(52.2)	–	–	–	(52.2)
Capital contributions received from shareholders	–	–	–	31.4	–	31.4
Dividend paid	–	–	–	–	(1.5)	(1.5)
Investment in own shares	–	–	(23.7)	–	–	(23.7)
At 31 December 2015	60.0	883.8	(23.7)	31.4	756.0	1,707.5
Profit for the year	–	–	–	–	61.2	61.2
Share-based payments	–	–	–	–	7.3	7.3
Dividend paid	–	–	–	–	(12.9)	(12.9)
Investment in own shares	–	–	(6.9)	–	–	(6.9)
At 31 December 2016	60.0	883.8	(30.6)	31.4	811.6	1,756.2

The accompanying notes on pages 151 to 152 form an integral part of these financial statements.

Notes to the Company financial statements

c1. Basis of preparation

Worldpay Group plc is a company incorporated in the United Kingdom under the Companies Act.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The profit after tax for the Company was £61.2m (2015: loss £24.1m).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Worldpay Group plc, which the Company is consolidated in. We expect to continue to take advantage of this disclosure exemption for the foreseeable future.

The financial statements have been prepared on the historical cost basis, except for financial instruments and the Company's Contingent Value Right shares, which are measured at fair value.

Going concern

The Company acts as the ultimate holding company of the Worldpay Group. It made a profit of £61.2m (2015: loss £24.1m). The Company was in a net asset position of £1,756.2m (2015: £1,707.5m) and net current asset position of £46.5m (2015: £2.2m).

The forecast for the 12 month period from the date of approval of these financial statements demonstrates the Company's ability to continue to operate with its current resources for the foreseeable future.

As a result, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further information is provided in Note 1a to the Group financial statements.

Significant accounting policies

Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Contingent Value Rights (CVRs)

See Note 1b and Note 5i to the Group's consolidated financial statements for details on the accounting policy in respect of the CVR liabilities.

Share premium

Share premium is recorded at the proceeds received in excess of the shares' nominal value, net of direct issue costs.

Financial liabilities

On initial recognition financial liabilities are recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Company financial statements
continued**c2. Critical accounting estimates and judgements**

For the preparation of the Company's financial statements, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant area of estimation uncertainty, and where critical judgements are made in applying accounting policies that have a material effect on the financial statements, is in relation to the fair value of the consideration received on disposal of Visa Europe and the related CVRs and litigation liabilities. Further details are contained in Note 1b and Note 5i to the Group's consolidated financial statements.

c3. Investment in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less impairment. Movements during the year were as follows:

	2016 £m	2015 £m
At 1 January	1,704.3	1,218.0
Additions	5.2	486.3
Disposal	(0.2)	–
At 31 December	1,709.3	1,704.3

A list of subsidiary undertakings of the Company are shown in Note 6a to the Group's financial statements.

c4. Debtors

	31 December 2016 £m	31 December 2015 £m
Amount due from Group undertakings	22.5	157.0
Other debtors	0.4	2.7
At 31 December	22.9	159.7

c5. Trade and other creditors

	31 December 2016 £m	31 December 2015 £m
Accruals and deferred income	2.5	20.5
Other payables	7.6	1.8
Amounts due to Group undertakings	18.7	0.1
At 31 December	28.8	22.4

The Directors consider that the carrying values for creditors approximate to their fair value.

c6. Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary shares at 1 January 2015	1.00	50,000,000	50.0
Conversion of ordinary shares into Contingent Value Rights	1.00	(1,847,500)	(1.8)
Sub-total ordinary shares after CVR conversion	1.00	48,152,500	48.2
Sub-division of remaining ordinary shares	0.03	1,605,083,333	48.2
New shares issued	0.03	394,916,667	11.8
Total ordinary shares in issue at 31 December 2016 and at 31 December 2015	0.03	2,000,000,000	60.0

c7. Contingent liabilities

Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. Their nature and other pertinent details are disclosed, along with their expected value.

Certain subsidiaries within the Group have guaranteed the obligations and liabilities of each other under the facilities agreement dated 4 September 2015 between, among others, Worldpay Group plc as parent and The Royal Bank of Scotland plc as agent. Worldpay Group plc has granted such guarantees together with: Ship Holdco Limited, Ship Midco Limited, Worldpay Finance plc, Worldpay (UK) Limited, Worldpay eCommerce Limited, Worldpay Limited, Ship US Holdco, Inc., Worldpay US, Inc., Worldpay Limited (Jersey) and Worldpay B.V.. Worldpay Group plc and these subsidiaries have not granted any security interests over their assets to secure the obligations and liabilities of members of the Group under the facilities agreement.

On 10 November 2015, Worldpay Finance plc issued €500m senior unsecured loan notes, which are guaranteed by Worldpay Group plc together with: Ship Holdco Limited, Ship Midco Limited, Worldpay UK Limited, Worldpay eCommerce Limited, Worldpay Limited, Worldpay US, Inc., Ship US Holdco, Inc., Worldpay Limited (Jersey) and Worldpay B.V..

c8. Other equity

Details of movements in other equity are provided in Note 5h to the Group's consolidated financial statements.

Five year financial summary

for the year ended 31 December

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Income statement					
Revenue	4,540.8	3,963.0	3,626.6	3,377.5	3,076.6
Net revenue	1,124.2	981.7	863.4	799.2	717.4
Global eCom	386.6	317.7	272.0	231.1	199.4
WPUK	438.6	405.2	366.0	339.3	305.4
WPUS	299.0	258.8	225.4	228.8	212.6
Gross profit	985.2	860.4	765.3	704.1	634.2
Underlying operating expenses	(517.6)	(454.3)	(390.6)	(358.5)	(329.7)
Underlying EBITDA	467.6	406.1	374.7	345.6	304.5
Global eCom	216.9	184.2	161.5	125.7	106.5
WPUK	198.3	179.2	156.1	162.6	153.5
WPUS	77.4	62.3	75.4	74.0	62.1
Corporate	(25.0)	(19.6)	(18.3)	(16.7)	(17.6)
SDIs impacting EBITDA	(62.4)	(103.7)	(88.6)	(168.6)	(97.9)
Underlying depreciation and amortisation	(78.4)	(65.6)	(78.4)	(68.6)	(58.6)
SDIs impacting depreciation and amortisation	(50.3)	(69.9)	(82.7)	(88.4)	(74.3)
Underlying operating profit	389.2	340.5	296.3	277.0	245.9
SDIs impacting operating profit	(112.7)	(173.6)	(171.3)	(257.0)	(172.2)
Operating profit	276.5	166.9	125.0	20.0	73.7
Global eCom	179.3	154.4	116.3	81.4	53.5
WPUK	133.2	117.2	70.1	31.4	54.3
WPUS	31.6	0.6	30.6	21.4	12.5
Corporate	(67.6)	(105.3)	(92.0)	(114.2)	(46.6)
Underlying finance costs	(60.3)	(151.2)	(163.2)	(140.4)	(150.1)
SDIs impacting finance income/(costs)	49.4	4.6	(8.6)	(77.4)	3.2
Share of results of joint venture and associate	(1.5)	(1.2)	(0.3)	–	–
Profit/(loss) before tax	264.1	19.1	(47.1)	(197.8)	(73.2)
Tax (charge)/credit	(132.6)	(48.9)	(2.9)	33.0	17.7
Profit/(loss) after tax	131.5	(29.8)	(50.0)	(164.8)	(55.5)
Underlying profit after tax	245.3	138.4	91.7	93.6	68.8
SDIs after tax	(113.8)	(168.2)	(141.7)	(258.4)	(124.3)
Cash and net debt					
Net cash inflow from operating activities	410.7	291.5	232.0	152.7	184.2
Free cash inflow/(outflow)	170.9	32.4	0.7	(60.9)	28.0
Net debt	(966.6)	(1,425.3)	(2,254.1)	(2,055.1)	(1,368.3)

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Five year financial summary for the year ended 31 December
continued

	2016	2015	2014	2013	2012
Financial statistics					
Underlying diluted earnings per share (pence)*	12.3	6.9	n/a	n/a	n/a
Reported diluted earnings per share (pence)*	6.6	(1.8)	n/a	n/a	n/a
Dividends per ordinary share (pence)**	2.0	n/a	n/a	n/a	n/a
Number of shares (millions)*	1,992.8	2,000.0	n/a	n/a	n/a
Operational statistics					
Number of transactions processed (billions)	14.9	13.1	11.5	9.9	9.0
Total transaction value (£bn)	451.1	404.2	369.5	343.1	316.7
Net revenue % of total transaction value (%)	0.25	0.24	0.23	0.23	0.23
Average transaction value (£)	30.3	30.9	32.2	34.7	35.2
Average number of employees	5,095	4,982	4,518	4,025	3,437
Average exchange rates					
GBP:USD	1.36	1.53	1.65	1.56	1.58
GBP:EUR	1.23	1.38	1.24	1.18	1.23

* Underlying earnings per share calculated for 2015 on a proforma basis. This has been calculated by taking profit/loss before separately disclosed items, divided by the number of shares in issue at the end of 2015.

** Proposed dividend to be approved at the Company's Annual General Meeting.

n/a Financial statistics not available pre-IPO.

Shareholder information

Annual General Meeting (AGM)

The AGM will be held at the offices of Allen & Overy, 1 Bishops Square, London E1 6AD on 10 May 2017 at 11.00am. The last date for AGM proxy votes to be received by the Registrar is 8 May 2017 at 11.00am. All shareholders can submit their proxy vote for the AGM electronically at www.sharevote.co.uk. To register their vote, shareholders will need the numbers detailed on their form of proxy. Alternatively, shareholders who have already registered with Shareview can submit their proxy vote by logging on to their portfolio at www.shareview.co.uk and clicking on the link to vote underneath their Worldpay Group plc holding.

Share register and shareholder enquiries

The Company's share register is maintained by Equiniti. Queries relating to Worldpay Group plc shares should be addressed to:

The Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Website: www.shareview.co.uk
Tel: 0371 384 2030*
(International telephone number: +44 (0)121 415 7047)

* Lines are open 8.30am to 5.30pm (London time), Monday to Friday (excluding UK public holidays).

Shareholders should quote the Company reference number 4726 and their shareholder reference number (which can be found on their share certificates), when contacting the Registrar.

Electronic communications

On 13 January 2016, the Company issued a letter to shareholders, allowing the Company's corporate website to be used as the primary means of communication with its shareholders. A response form was sent to shareholders enabling them to choose either to:

- receive notification by email when shareholder documentation is available on the website; or
- continue to receive shareholder documentation in hard copy.

Shareholders who did not respond were deemed, in accordance with the Companies Act 2006, to have agreed to receive shareholder documentation via the Company's corporate website. These arrangements for electronic shareholder communications provide shareholders with the opportunity to access information in a timely manner and help the Company to reduce both its costs and its environmental impact.

Shareview

To be able to access information about their shares and other investments online, shareholders can register with Shareview (www.shareview.co.uk/info/register). Registration is free; shareholders will need their shareholder reference number which is shown on their form of proxy and share certificate. By registering for this service, shareholders will:

- help reduce paper, print and postage costs;
- help the environment;
- be able to submit their queries by email; and
- be able to manage their shareholding easily and securely online.

Once registered, whenever shareholder documents are available, shareholders will be sent a link to the appropriate website, where the documents will be available to view or download. Receiving documents online does not affect shareholders' rights in any way.

Multiple accounts on the share register

If a shareholder receives two or more sets of the documents concerning the AGM, this means that there is more than one account in their name on the shareholder register, perhaps because either the name or the address appears on each account in a slightly different way. For security reasons, Equiniti will not amalgamate the accounts without the shareholder's written consent. Therefore, if a shareholder would like their multiple accounts to be combined, they should write to Equiniti at the address above, detailing the different shareholder reference numbers, and request that they be combined into one account.

Dividend policy

The Board dividend policy is based on a payout ratio of 20-30% of reported profit after tax per annum.

Direct dividend payments

Shareholders may wish to consider having any future dividends paid directly into their personal bank or building society account. This has a number of advantages, including the crediting of cleared funds on the dividend payment date. If you would like any future dividends to be paid in this way, you should contact the Registrar or complete a mandate form available from www.shareview.co.uk and return it to the Registrar.

Warning to shareholders about share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an up-front payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

5,000 people contact the Financial Conduct Authority (FCA) about share fraud each year, with victims losing an average of £20,000.

Shareholder information
continued**How to avoid share fraud**

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register at www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at www.fca.gov.uk/scams, where you can find out about the latest investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768 (UK) or +44 (0)20 7066 1000 (overseas). If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040 or by visiting www.actionfraud.police.uk.

Shareview dealing

A telephone and internet dealing service has been arranged through the Registrar to provide a simple way of buying and selling Worldpay Group plc shares for existing and prospective UK-based shareholders. For telephone dealing call 03456 037 037 (international telephone number: +44 (0)121 415 7560) between 8.30am and 5.30pm (London time), Monday to Friday (excluding UK public holidays), or visit the website: www.shareview.co.uk/ dealing. Shareholders will need the shareholder reference number shown on their share certificate(s).

Analysis of shareholders as at 31 December 2016

Distribution of shares by the type of shareholder	Number of holdings	Number of shares
Nominees and institutional investors	881	1,998,150,390
Individuals	391	1,849,610
Total	1,272	2,000,000,000

Size of shareholding	Number of holdings	Number of shares
1-100	7	457
101-500	227	63,125
501-1,000	103	82,888
1,001-10,000	286	984,179
10,001-100,000	232	10,295,937
100,001-500,000	180	42,943,811
500,001-1,000,000	55	39,735,260
1,000,001 and above	182	1,905,894,343
Total	1,272	2,000,000,000

Registered office

The Walbrook Building, 25 Walbrook, London EC4N 8AF
Registered number: 08762327