

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2021
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number 001-33977



VISA INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	26-0267673 (IRS Employer Identification No.)
P.O. Box 8999 San Francisco, California (Address of principal executive offices)	94128-8999 (Zip Code)
(650) 432-3200 (Registrant's telephone number, including area code)	

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	V	New York Stock Exchange

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

Class B common stock, par value \$0.0001 per share
Class C common stock, par value \$0.0001 per share

(Title of each Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's class A common stock, par value \$0.0001 per share, held by non-affiliates (using the New York Stock Exchange closing price as of March 31, 2021, the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$358.6 billion. There is currently no established public trading market for the registrant's class B common stock, par value \$0.0001 per share, or the registrant's class C common stock, par value \$0.0001 per share.

As of November 10, 2021, there were 1,669,730,762 shares outstanding of the registrant's class A common stock, par value \$0.0001 per share, 245,513,385 shares outstanding of the registrant's class B common stock, par value \$0.0001 per share, and 10,099,892 shares outstanding of the registrant's class C common stock, par value \$0.0001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2022 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year ended September 30, 2021.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1 Business	4
Item 1A Risk Factors	17
Item 1B Unresolved Staff Comments	30
Item 2 Properties	30
Item 3 Legal Proceedings	30
Item 4 Mine Safety Disclosures	30
PART II	
Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	31
Item 6 [Reserved]	32
Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A Quantitative and Qualitative Disclosures About Market Risk	46
Item 8 Financial Statements and Supplementary Data	49
Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	105
Item 9A Controls and Procedures	105
Item 9B Other Information	105
PART III	
Item 10 Directors, Executive Officers and Corporate Governance	106
Item 11 Executive Compensation	106
Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	106
Item 13 Certain Relationships and Related Transactions, and Director Independence	106
Item 14 Principal Accounting Fees and Services	106
PART IV	
Item 15 Exhibits, Financial Statement Schedules	107

Unless the context indicates otherwise, reference to "Visa," "Company," "we," "us" or "our" refers to Visa Inc. and its subsidiaries.

"Visa" and our other trademarks referenced in this report are Visa's property. This report may contain additional trade names and trademarks of other companies. The use or display of other companies' trade names or trademarks does not imply our endorsement or sponsorship of, or a relationship with these companies.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, the impact on our future financial position, results of operations, and cash flows as a result of the ongoing effects of the coronavirus (“COVID-19”) pandemic, the measures taken in response, as well as the speed and strength of an economic recovery, including the reopening of borders and resumption of international travel; prospects, developments, strategies and growth of our business; anticipated expansion of our products in certain countries; industry developments; anticipated timing and benefits of our acquisitions; expectations regarding litigation matters, investigations and proceedings; timing and amount of stock repurchases; sufficiency of sources of liquidity and funding; effectiveness of our risk management programs; and expectations regarding the impact of recent accounting pronouncements on our consolidated financial statements. Forward-looking statements generally are identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “projects,” “could,” “should,” “will,” “continue” and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in *Item 1—Business, Item 1A—Risk Factors, Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this report. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

OVERVIEW

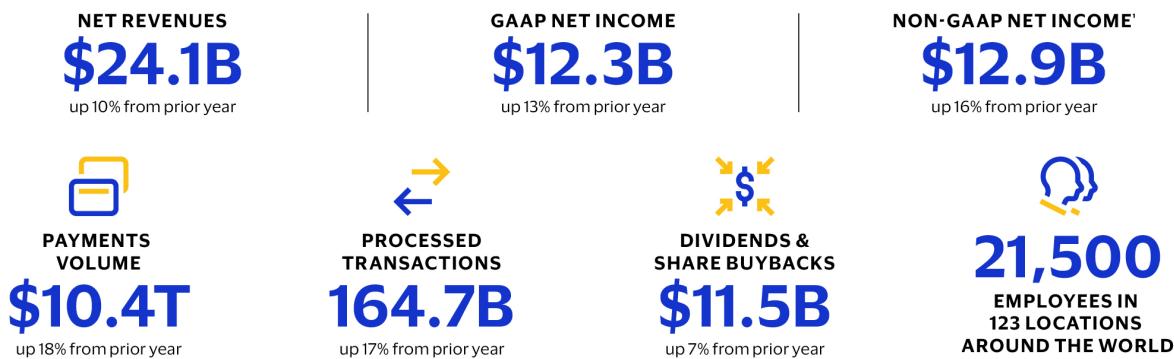
Visa is one of the world's leaders in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payments network — enabling individuals, businesses and economies to thrive. We facilitate global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies.

Since Visa's inception in 1958, Visa has been in the business of facilitating payments between consumers and businesses. With new ways to pay, we have evolved into a global company that is a trusted engine of commerce, working to provide payment solutions for everyone, everywhere. We are focused on extending, enhancing and investing in our proprietary network, VisaNet, while seeking new ways to offer products and services and become a single connection point for facilitating any payment transaction, using our network, other networks, or a combination of networks. We offer products and solutions that facilitate secure, reliable and efficient money movement for all participants in the ecosystem.

- **We facilitate secure, reliable and convenient transactions among financial institutions, merchants and consumers.** We have traditionally referred to this as the "four-party" model. As the payments ecosystem continues to evolve, we have broadened this model to include digital banks, digital wallets and a range of financial technology companies (fintechs), governments and non-governmental organizations (NGOs). We provide transaction processing services (primarily authorization, clearing and settlement) to our financial institution and merchant clients through VisaNet, our advanced transaction processing network. During fiscal year 2021, we saw 232 billion payments and cash transactions with Visa's brand, equating to an average of 637 million transactions per day. Of the 232 billion total transactions, 165 billion were processed by Visa.
- **We offer a wide range of Visa-branded payment products** that our 15,100 financial institution clients use to develop and offer core business solutions, including credit, debit, prepaid and cash access programs for individual, business and government account holders. During fiscal year 2021, Visa's total payments and cash volume was \$13 trillion, and 3.7 billion credentials were available worldwide to be used at more than 80 million⁽¹⁾ merchant locations.
- **We take an open partnership approach** and seek to provide value by enabling access to our global network, including offering our technology capabilities through application programming interfaces (APIs). We partner with both traditional and emerging players to innovate and expand the payments ecosystem, allowing them to leverage the resources of our platform to scale and grow their businesses more quickly and effectively.
- **We are accelerating the migration to digital payments** and evolving Visa to be a "network of networks" to enable the movement of money through all available networks. We aim to provide a single connection point so that Visa clients can enable money movement for businesses, governments, and consumers regardless of which network is used to start or complete the transaction; ultimately, helping to unify a complex payments ecosystem. Visa's network of networks approach creates opportunities by facilitating person-to-person (P2P), business-to-consumer (B2C), business-to-business (B2B), business-to-small business (B2b) and government-to-consumer (G2C) payments, in addition to consumer to business (C2B) payments.
- **We provide value added services** to our clients, including issuer solutions; acceptance solutions; risk and identity solutions; and advisory services.
- **We invest in and promote our brand** to the benefit of our clients and partners through advertising, promotional and sponsorship initiatives with FIFA, the International Olympic Committee, the International Paralympic Committee and the National Football League (NFL), among others. We also use these sponsorship assets to showcase our payment innovations.

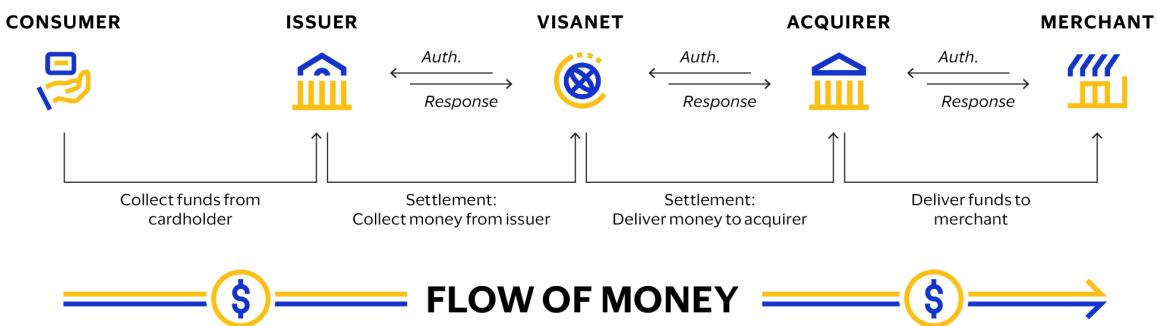
⁽¹⁾ Data provided to Visa by acquiring institutions and other third parties.

FISCAL YEAR 2021 KEY STATISTICS



(1) Please see *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations* for a reconciliation of our GAAP to non-GAAP financial results.

OUR CORE BUSINESS



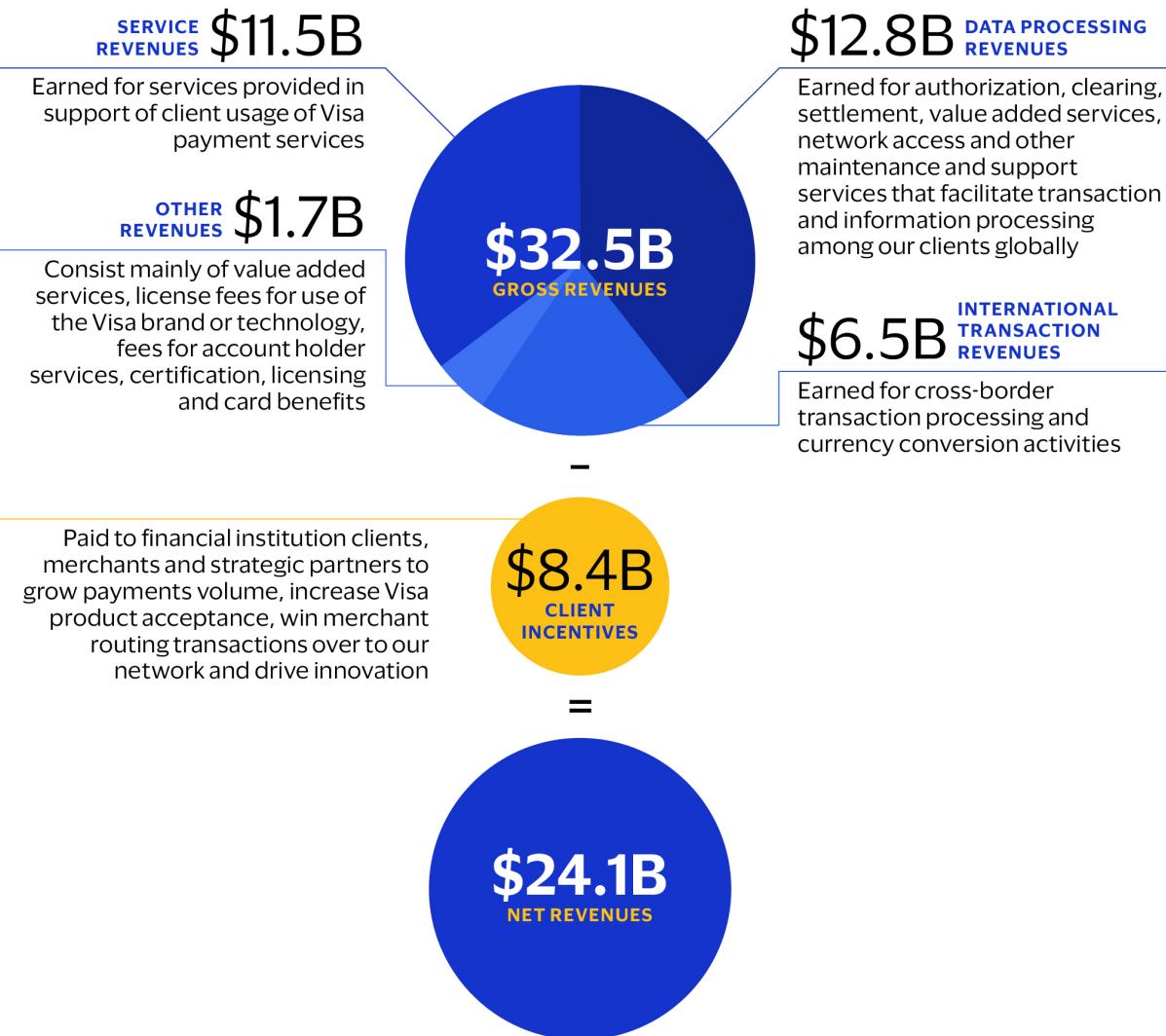
In an example of a typical Visa C2B payment transaction, the consumer purchases goods or services from a merchant using a Visa card or payment product. The merchant presents the transaction data to an acquirer, usually a bank or third-party processing firm that supports acceptance of Visa cards or payment products, for verification and processing. Through VisaNet, the acquirer presents the transaction data to Visa, which in turn contacts the issuer to check the account holder's account or credit line for authorization. After the transaction is authorized, the issuer effectively pays the acquirer an amount equal to the value of the transaction, minus the interchange reimbursement fee, and then posts the transaction to the consumer's account. The acquirer pays the amount of the purchase, minus the merchant discount rate (MDR), to the merchant.

Visa earns revenue by facilitating money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies. Net revenues consist of service revenues, data processing revenues, international transaction revenues and other revenues, minus client incentive arrangements we have with our clients. We have one reportable segment, which is Payment Services. We generally do not experience any pronounced seasonality in our business.

Visa is not a financial institution. We do not issue cards, extend credit, or set rates and fees for account holders of Visa products nor do we earn revenues from, or bear credit risk with respect to, any of these activities. Interchange reimbursement fees reflect the value merchants receive from accepting our products and play a key role in balancing the costs and benefits that account holders and merchants derive from participating in our payments networks. Generally, interchange reimbursement fees are collected from acquirers and paid to issuers. We establish default interchange reimbursement fees that apply absent other established settlement terms. In addition, we do not earn revenues from the fees that merchants are charged by acquirers for acceptance, including

the MDR. Our acquiring clients are generally responsible for soliciting merchants as well as establishing and earning these fees.

Our net revenues in fiscal year 2021 consisted of the following:



Our Strategy

Visa's strategy is to accelerate our revenue growth in consumer payments, new flows and value added services, and fortify the key foundations of our business model.



Revenue Growth Drivers

We seek to accelerate revenue growth in three primary areas — consumer payments, new flows and value added services.



Consumer Payments

We are accelerating efforts to move approximately \$18 trillion⁽²⁾ in consumer spending still exchanged in cash and check to cards and digital accounts on Visa's network of networks.



Core Products

Visa's growth has been driven by the strength of our core products — credit, debit and prepaid products.

Credit: Credit cards and digital credentials allow consumers and businesses to access credit to pay for goods and services. Credit cards are affiliated with programs operated by financial institution clients, co-brand partners, fintechs and affinity partners.

Debit: Debit cards and digital credentials allow consumers and small businesses to purchase goods and services using funds held in their bank accounts. Debit cards enable account holders to transact in person, online or via mobile without needing cash or checks and without accessing a line of credit. The Visa/PLUS Global ATM network also provides debit, credit and prepaid account holders with cash access, and other banking capabilities, in more than 200 countries and territories worldwide through issuing and acquiring partnerships with both financial institutions and independent ATM operators.

⁽²⁾ Estimate as of December 2018.

Prepaid: Prepaid cards and digital credentials draw from a designated balance funded by individuals, businesses or governments. Prepaid cards address many use cases and needs, including general purpose reloadable, payroll, government and corporate disbursements, healthcare, gift and travel. Visa-branded prepaid cards also play an important part in financial inclusion, bringing payment solutions to those with limited or no access to traditional banking products.

Capabilities

We offer capabilities, tools and solutions that enable consumer payments and help our clients grow as digital commerce, new technologies and new participants continue to transform the payments ecosystem. Some of our offerings include:



Tap to Pay

As we seek to improve the user experience in the face-to-face environment, contactless payments or tap to pay, which is tapping a contactless card or mobile device on a terminal to make a payment, has emerged as a preferred way to pay among consumers in many countries around the world. Tap to pay adoption is growing and many consumers have come to expect touchless payment experiences. In addition, Visa continues to work with payments industry partners and governments to support raising contactless payment limits.

Globally we have more than 20 countries with more than 90 percent contactless penetration and nearly 70 countries where tap to pay is more than 50 percent of face-to-face transactions. Excluding the United States, nearly 70 percent of face-to-face transactions globally were contactless. In the U.S., Visa has more than 15 percent contactless penetration. We have 400 million tap-to-pay-enabled Visa cards, and now three cities have above 25 percent face-to-face tap-to-pay penetration: New York, San Francisco and San Jose. We have activated nearly 500 contactless public transport projects worldwide and have nearly 750 projects in our pipeline.



Tokenization

Visa Token Service (VTS) brings trust to digital commerce innovation. As consumers increasingly rely on digital transactions, VTS is designed to enhance the digital ecosystem through improved authorization, reduced fraud and improved customer experience. VTS helps protect digital transactions by replacing 16-digit Visa account numbers with a token protecting the underlying account information. This security technology can work for a variety of payment transactions, both in the physical and online space.

The issuance of network tokens continues to accelerate. In the past 17 months, we have more than doubled the number of network tokens issued from one billion to 2.6 billion. By comparison, it took nearly six years to reach our first one billion network tokens.



Click to Pay

Click to Pay provides a simplified and more consistent cardholder checkout experience online by removing time-consuming key entry of personal information and enabling consumer and transaction data to be passed securely between payments network participants. Based on the EMV® Secure Remote Commerce industry standard, Click to Pay brings a standardized and streamlined approach to online checkout and meets the needs of consumers shopping across a growing number of connected devices. The goal of Click to Pay is to make digital payments safe, consistent, and interoperable like the checkout experience in physical stores.



Cryptocurrency

We enable cryptocurrencies for everyday payments through our global presence, partnership approach and trusted brand. We want to serve as the bridge between the crypto ecosystem and our global network, which would enable our clients to provide consumers the ability to easily convert cryptocurrencies into fiat and access our global network of more than 80 million merchant locations and 15,100 financial institutions. In fiscal year 2021, we had \$3.5 billion in payments volume on crypto-linked card programs, which are crypto wallets linked to Visa credentials

where cryptocurrencies are converted to fiat currency before funds can be accessed through the Visa credential. We are advancing this effort through our partnerships with nearly 60 crypto platforms on crypto-linked Visa card programs. We are also building infrastructure capabilities and value added services to support crypto use cases, including future settlement in digital currencies, a new Visa Crypto API platform to help financial institutions create a cryptocurrency offering, assisting central banks as they evaluate digital currencies and a growing number of other services and infrastructure capabilities.

New Flows

New flows represent a \$185 trillion⁽³⁾ volume opportunity. Visa's network of networks approach creates opportunities to capture new sources of money movement through card and non-card flows for consumers, businesses and governments around the world by facilitating P2P, B2C, B2B, B2b and G2C payments.



Visa Direct

Visa Direct is Visa's global, real-time⁽⁴⁾ push payments platform, which reverses the traditional card payment flow by allowing payment originators, through their acquirer, to push funds directly to eligible debit and prepaid cards or accounts. It helps facilitate fast, simple and secure money movement around the world, enabling businesses and consumers to send money directly to a bank account or card, including domestic or cross-border payouts and payments, P2P, payments to small businesses, and corporate, worker, insurance and government payouts.

In fiscal year 2021, we had 5.2 billion Visa Direct transactions, an increase of 50 percent year over year, and more than 20 use cases and 500 programs. Visa Direct connected 16 card-based networks, 66 automated clearing house (ACH) schemes, seven real time payment (RTP) networks and five gateways. With the addition of Visa Direct Payouts, Visa Direct provides access to almost 6 billion credentials across more than 200 countries and territories.

Visa Business Solutions

We are also extending our network with B2B payments. Our three strategic areas of focus include investing and growing card-based payments, accelerating our efforts in non-card, cross-border payments and digitizing domestic accounts payable and accounts receivable processes. We offer a portfolio of business payment solutions, including small business, corporate (travel) cards, purchasing cards, virtual cards and digital credentials, non-card cross-border B2B payment options and disbursement accounts, covering most major industry segments around the world. Business solutions are designed to bring efficiency, controls and automation to small businesses, commercial and government payment processes, ranging from employee travel to fully integrated, invoice-based payables.

Visa B2B Connect is a multilateral B2B cross-border payments network designed to facilitate transactions from the bank of origin directly to the beneficiary bank, helping streamline settlement and optimize payments for financial institutions' corporate client base. The network delivers B2B cross-border payments that are predictable, flexible, data-rich, secure and cost-effective. Visa B2B Connect continues to scale, with the ability to operate in more than 100 countries and territories.

⁽³⁾ McKinsey Global Payments Map and Visa Analysis, 2018.

⁽⁴⁾ Actual fund availability varies by receiving financial institution, receiving account type, region and whether the transaction is domestic or cross-border.

Value Added Services

Value added services represent an opportunity for us to diversify our revenue with products and solutions that differentiate our network, deepen our client relationships and deliver innovative solutions across other networks.



Issuer Solutions

Visa Debit Processing Service (DPS) is one of the largest issuer processors of Visa debit transactions in the world and is able to deliver agility at scale. Visa DPS provides a wide range of debit, prepaid and credit value added services to clients including call center services, data analytics, campaign management, fraud and risk solutions, and a white-label branded mobile app. Visa DPS continues to extend and expand our capabilities in modern, API-based issuer processing solutions called DPS Forward, which will be used for both the U.S. and international markets. We have expanded Visa DPS into Europe, providing European issuers in select countries access to a comprehensive and end-to-end solution, from core processing services to value added services.

We also provide a range of other services and digital solutions to issuers, such as account controls, digital issuance, branded consumer experiences and buy now pay later (BNPL) capabilities. BNPL or installment payments allow shoppers the flexibility to pay for a purchase in equal payments over a defined period of time. Visa is investing in installments as a payments strategy — by offering our own solution, Visa Installments — and by partnering with innovative installments providers who use our cards and services to support a wider variety of installment options. Visa Installments offers issuing banks the opportunity to offer Visa cardholders the option to divide their total purchase amount into smaller payments during or after checkout, at the store and online at participating merchants.

Acceptance Solutions

Cybersource is a global payment management platform that provides modular, digital capabilities in addition to the traditional gateway function of connecting merchants to payment processing. Using Cybersource, merchants of all sizes can improve the way their consumers engage and transact, mitigate fraud and security risk, lower operational costs and adapt to changing business requirements. Cybersource white-labeled capabilities provide new and enhanced payment integrations with ecommerce platforms, enabling sellers and acquirers to provide tailored commerce experiences with payments seamlessly embedded. Cybersource enables an omnichannel solution with a cloud-based architecture to deliver more innovation at the point-of-sale.

In addition, we provide secure, reliable services for merchants and acquirers that reduce friction and drive acceptance. Examples include Global Urban Mobility, which allows transit operators to accept Visa contactless payments in addition to proprietary closed-loop payment solutions; Rapid Seller Onboarding, which enables digital onboarding of small businesses and acquirers; and Visa Account Updater, which provides updated account information to merchants to strengthen customer relationships and retention. Visa also offers dispute management services, including a network agnostic solution with Verifi that enables merchants to prevent and resolve disputes with a single connection.

Risk and Identity Solutions

Visa's risk and identity solutions transform data into insights for near real-time decisions and facilitate account holder authentication to help clients prevent fraud and protect account holder data. With the increasing popularity of omnichannel commerce among consumers, preventing fraud helps increase trust in digital payments. Solutions such as Visa Advanced Authorization, Visa Secure, Visa Advanced Identity Score, Visa Consumer Authentication Service, and payment-decisioning solutions from CardinalCommerce empower financial institutions and merchants with tools that help automate and simplify fraud prevention and enhance payment security.

These value added payment security tools layer on top of a suite of programs that protect the safety and integrity of the payment ecosystem, and along with our investments in intelligence and technology, help to prevent, detect and mitigate threats. These programs and Visa's fraud prevention expertise are among the core benefits of being part of the Visa network. Through the combined efforts of security and identity tools and services, payment and cyber intelligence, insights and learnings from client/partner breach investigations and law enforcement

engagement, Visa helps protect financial institutions and merchants from fraud and solve payment security challenges.

Advisory Services

Visa Consulting and Analytics is the payments consulting advisory arm of Visa. The combination of our deep payments expertise, proprietary analytical models applied to a breadth of data and our economic intelligence allows us to identify actionable insights, make recommendations and help implement solutions that can drive better business decisions and measurable outcomes for clients. Visa Consulting and Analytics offers consulting services for issuers, acquirers, merchants, fintechs and other partners, spanning the entire customer journey from acquisition to retention.

Fortify Key Foundations

We are fortifying the key foundations of our business model, which consist of becoming a network of networks, our technology platforms, security, brand and talent.



Network of Networks

Visa strives to become a network of networks, offering a single connection point for senders and receivers to enable money movement to all endpoints and to all form factors, using all available networks.

Technology Platforms

Visa's technology platforms include software, hardware, data centers and a large telecommunications infrastructure, each with a distinct architecture and operational footprint wrapped with several layers of security and protection technologies. Visa's three data centers are a critical part of our global processing environment and have a high redundancy of network connectivity, power and cooling designed to provide continuous availability of systems. Together, these systems deliver the secure, convenient and reliable service that our clients and consumers expect from the Visa brand.

Security

Our in-depth, multi-layer security approach includes a formal program to devalue sensitive and/or personal data through various cryptographic means; embedded security in the software development lifecycle; identity and access management controls to protect against unauthorized access; and advanced cyber detection and response capabilities. We deploy security tools that help keep our clients and consumers safe, while providing buyer and seller solutions that help make Visa the best way to pay and be paid. We also invest significantly in our comprehensive approach to cybersecurity. We deploy security technologies to strengthen data confidentiality, integrity and service availability, emphasizing core cybersecurity capabilities to minimize risk.

Brand

Visa's brand strength helps deliver added value to our clients and their customers, financial institutions, merchants and partners through compelling brand expressions, a wide range of products and services as well as innovative brand and marketing efforts. In line with our commitment to an expansive and diverse range of partnerships for the benefit of our stakeholders, Visa is the only brand in the world that is a top sponsor of FIFA, the Olympic Games, and the NFL and is one of the most active sponsors of women's football around the world.

This year, we launched a multi-year brand initiative to spotlight the diverse capabilities of our network and our commitment to enabling global economic inclusion. The "Meet Visa" campaign reintroduced Visa as a network working for everyone.

Talent

Attracting, developing and retaining the best talent globally is critical to our continued success. Our workforce grew from approximately 20,500 in fiscal year 2020 to approximately 21,500 employees in fiscal year 2021. Visa employees are located in more than 80 countries, with more than 49 percent located outside the U.S. Voluntary workforce turnover (rolling 12-month attrition) was 9.3 percent as of September 30, 2021. At the end of fiscal year 2021, Visa's global workforce was 58 percent male and 42 percent female, and women represented 35 percent of Visa's leadership (defined as vice president level and above). In the U.S., ethnicity of our workforce was 41 percent Asian, 7 percent Black, 12 percent Hispanic, 3 percent Other and 37 percent White. For our U.S. leadership, the breakdown was 20 percent Asian, 6 percent Black, 12 percent Hispanic, 2 percent Other and 59 percent White.

At Visa, we have an unwavering commitment to inclusion and diversity, and we foster an inclusive workplace to encourage diversity of thought, culture and background. In 2020, we established "Stand Together" goals in support of social justice and racial equality in the U.S. focused on our people, our community and our company. We are proud of the progress we made in fiscal year 2021, including the launch of the Visa Black Scholars and Jobs Program in the U.S. with the inaugural class of 50 Visa Black Scholars who will participate in year-round programs and training aimed at developing their professional and technical skills. Upon graduation, all Scholars who have met their commitments will be offered a full-time job with Visa.

We have also increased the number of underrepresented employees in the U.S. We are supporting Visa's commitment to recruit and retain diverse talent by launching employee development programs and partnering with several non-profit and community organizations, as well as historically black colleges and a generally more diverse set of universities to develop our talent pipeline. Visa is committed to pay equity, regardless of gender or race/ethnicity, and conducts pay equity analyses on an annual basis. More details regarding our human capital management, as well as enhanced workforce disclosures that include our 2020 Consolidated EEO-1 Report and our 2020 Environmental, Social and Governance (ESG) Report can be found on our website at usa.visa.com/about-visa/esg.html.

For additional information, please see the section titled "Talent and Human Capital Management" in Visa's 2021 Proxy Statement.

FINTECH AND DIGITAL PARTNERSHIPS

Fintechs are key enablers of new payment experiences and new flows. Our work with fintechs has opened new points of acceptance, extended credit at the point of sale, made cross-border money flows more efficient, moved B2B spend onto Visa's network, expedited payroll and provided digital wallet customers access to our services.

To better serve fintechs, Visa has a suite of streamlined commercial programs and digital onboarding tools. Our Fintech Fast Track program enables qualifying fintechs to quickly launch and scale their programs. The program has welcomed hundreds of fintechs who are actively engaged in the program.

With our startup engagement programs, the Visa Everywhere Initiative and the Inclusive Fintech 50, early-stage companies can build payment solutions based on our capabilities. With Visa Fintech Partner Connect, a program launched globally this year, we are helping our clients tap into innovations emerging from the fintech community. The program is designed to help financial institutions quickly connect with a vetted and curated set of technology providers, helping Visa's issuing partners create digital-first experiences without the cost and complexity of building the back-end technology in-house.

MERGERS AND ACQUISITIONS AND STRATEGIC INVESTMENTS

Visa continually explores opportunities to augment our capabilities and provide meaningful value to our clients. Mergers and acquisitions and strategic investments complement our internal development and enhance our partnerships to align with Visa's priorities. Visa applies a rigorous business analysis to our acquisitions and investments to ensure they will differentiate our network, provide value added services and accelerate growth.

In fiscal year 2021, we acquired YellowPepper to accelerate our network of networks strategy in Latin America and the Caribbean by becoming a single point of access for initiating multiple transaction types and significantly reducing the time-to-market and cost for issuers and processors to launch card and account agnostic payments solutions.

On June 24, 2021, we signed a definitive agreement to acquire Tink AB (Tink), a European open banking platform that enables financial institutions, fintechs and merchants to build tailored financial management tools, products and services for European consumers and businesses based on their financial data.

On July 22, 2021, we signed a definitive agreement to acquire The Currency Cloud Group Limited (Currencycloud), a UK-based global platform that enables banks and fintechs to provide innovative foreign exchange solutions for cross-border payments. The Tink and Currencycloud transactions are subject to regulatory approvals and other customary closing conditions.

Environmental, Social and Governance

As a trusted brand, Visa has an opportunity and responsibility to contribute to a more inclusive, equitable and sustainable world. We believe that economies that include everyone everywhere, uplift everyone everywhere. As we build business resilience and long-term value, we are committed to managing the risks and opportunities that arise from ESG issues. We are focused on empowering people and economies; securing commerce and protecting customers; investing in our workforce; protecting the planet; and operating responsibly. Our 2020 ESG report, which provides enhanced ESG disclosures is available on our website at usa.visa.com/about-visa/esg.html.

INTELLECTUAL PROPERTY

We own and manage the Visa brand, which stands for acceptance, security, convenience, speed and reliability. Our portfolio of Visa-owned trademarks is important to our business. Generally, trademark registrations are valid indefinitely as long as they are in use and/or maintained. We give our clients access to these assets through agreements with our issuers and acquirers, which authorize the use of our trademarks in connection with their participation in our payments network. Additionally, we have filed patent applications in the U.S. and international jurisdictions covering certain aspects of our proprietary technology and new innovations, and own a number of patents, patent applications and other intellectual property relating to our business. We rely on a combination of patent, trademark, copyright and trade secret laws in the U.S. and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our proprietary technology.

COMPETITION

The global payments industry continues to undergo dynamic change. Existing and emerging competitors compete with Visa's network and payment solutions for consumers and for participation by financial institutions and merchants. Technology and innovation are shifting consumer habits and driving growth opportunities in ecommerce, mobile payments, blockchain technology and digital currencies. These advances are enabling new entrants, many of which depart from traditional network payment models. In certain countries, the evolving regulatory landscape is creating local networks or enabling additional processing competition.

We compete against all forms of payment. This includes paper-based payments, primarily cash and checks, and all forms of electronic payments. Our electronic payment competitors principally include:

Global or Multi-Regional Networks: These networks typically offer a range of branded, general purpose card payment products that consumers can use at millions of merchant locations around the world. Examples include Mastercard, American Express, Discover, JCB and UnionPay. These competitors may be more concentrated in specific geographic regions, such as JCB in Japan and Discover in the U.S., or have a leading position in certain countries, such as UnionPay in China. See *Item 1A—Risk Factors—Regulatory Risks—Government-imposed obligations and/or restrictions on international payment systems may prevent us from competing against providers in certain countries, including significant markets such as China, India and Russia*. Based on available data, Visa is one of the largest retail electronic funds transfer networks used throughout the world.

The following chart compares our network with these network competitors for calendar year 2020⁽¹⁾:

	Visa	Mastercard	American Express	JCB	Diners Club
Payments Volume (\$B)	8,911	4,743	1,005	308	166
Total Volume (\$B)	11,383	6,337	1,011	317	178
Total Transactions (B)	205	126	9	5	3
Cards (M)	3,586	2,334	112	141	65

⁽¹⁾ Mastercard, American Express, JCB and Diners Club / Discover data sourced from The Nilson Report issue 1199 (June 2021). Mastercard excludes Maestro and Cirrus figures. American Express, Diners Club / Discover, and JCB include business from third-party issuers. JCB figures include other payment-related products and some figures are estimates.

Local and Regional Networks: Operated in many countries, these networks often have the support of government influence or mandate. In some cases, they are owned by financial institutions or payment processors. These networks typically focus on debit payment products, and may have strong local acceptance, and recognizable brands. Examples include STAR, NYCE, and Pulse in the U.S., Interac in Canada, EFTPOS in Australia and Mir in Russia.

Alternative Payment Providers: These providers such as digital wallets, closed commerce ecosystems, BNPL solutions, cryptocurrency platforms, and account-to-account systems often have a primary focus of enabling payments through ecommerce and mobile channels; however, they are expanding or may expand their offerings to the physical point of sale. These companies may process payments using in-house account transfers between parties, electronic funds transfer networks like the ACH, global or local networks like Visa, or some combination of the foregoing. In some cases, these entities are both a partner and a competitor to Visa.

ACH and RTP Networks: These networks are often governed by local regulations. Primarily focused on interbank transfers, many are adding capabilities that may make them more competitive for retail payments. We also compete with closed-loop payment systems, emerging payments networks, wire transfers and electronic benefit transfers.

Payment Processors: We compete with payment processors for the processing of Visa transactions. These processors may benefit from mandates requiring them to handle processing under local regulation. For example, as a result of regulation in Europe under the Interchange Fee Regulation (IFR), we may face competition from other networks, processors and other third parties who could process Visa transactions directly with issuers and acquirers.

Value Added Products and Service Providers: We face competition from companies that provide alternatives to our value added products and services, including information services and consulting firms that provide consulting services and insights to financial institutions, merchants and governments and technology companies that provide cyber and fraud solutions. Regulatory initiatives could also lead to increased competition in this space.

We believe our fundamental value proposition of security, convenience, speed and reliability as well as the number of credentials and our acceptance footprint help us to succeed. In addition, we understand the needs of the individual markets in which we operate and partner with local financial institutions, merchants, fintechs, governments, NGOs and business organizations to provide tailored and innovative solutions. Our network of networks strategy implies that we have and we will continue to utilize other networks to facilitate the movement of money. We believe Visa is well-positioned competitively due to our global brand, our broad set of payment products and value added services, and our proven track record of processing payment transactions securely and reliably.

GOVERNMENT REGULATION

As a global payments technology company, we are subject to complex and evolving global regulations in the various jurisdictions in which our products and services are used. The most significant government regulations that impact our business are discussed below. For further discussion of how global regulations may impact our business, see *Item 1A-Risk Factors-Regulatory Risks*.

Anti-Corruption, Anti-Money Laundering, Anti-Terrorism and Sanctions: We are subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and other laws that generally prohibit the making or offering of improper payments to foreign government officials and political figures for the purpose of obtaining or retaining business or to gain an unfair business advantage. We are also

subject to anti-money laundering and anti-terrorist financing laws and regulations, including the U.S. Bank Secrecy Act. In addition, we are subject to economic and trade sanctions programs administered by the Office of Foreign Assets Control (OFAC) in the U.S. Therefore, we do not permit financial institutions or other entities that are domiciled in countries or territories subject to comprehensive OFAC trade sanctions (currently, Cuba, Iran, North Korea, Syria and Crimea), or that are included on OFAC's list of Specially Designated Nationals and Blocked Persons, to issue or acquire Visa cards or engage in transactions using our services.

Government-Imposed Market Participation Restrictions: Certain governments, including China, India, Indonesia, Russia, Thailand and Vietnam, have taken actions to promote domestic payments systems and/or certain issuers, payments networks or processors, by imposing regulations that favor domestic providers, impose local ownership requirements on processors, require data localization or mandate that domestic processing be done in that country.

Interchange Rates and Fees: An increasing number of jurisdictions around the world regulate or influence debit and credit interchange reimbursement rates in their regions. For example, the U.S. Dodd-Frank Wall Street Reform and Consumer Act (Dodd-Frank Act) limits interchange reimbursement rates for certain debit card transactions in the U.S., the European Union (EU) IFR limits interchange rates in Europe (as discussed below), and the Reserve Bank of Australia and the Central Bank of Brazil regulate average permissible levels of interchange.

Internet Transactions: Many jurisdictions have adopted regulations that require payment system participants to monitor, identify, filter, restrict or take other actions with regard to certain types of payment transactions on the Internet, such as gambling, digital currencies, the purchase of cigarettes or alcohol and other controversial transaction types.

Network Exclusivity and Routing: In the U.S., the Dodd-Frank Act limits network exclusivity and restrictions on merchant routing choice for the debit and prepaid market segments. Other jurisdictions impose similar limitations, such as the IFR's prohibition in Europe on restrictions that prevent multiple payment brands or functionality on the same card.

No-surcharge Rules: We have historically enforced rules that prohibit merchants from charging higher prices to consumers who pay using Visa products instead of other means. However, merchants' ability to surcharge varies by geographic market as well as Visa product type, and continues to be impacted by litigation, regulation and legislation.

Privacy and Data Protection: Aspects of our operations or business are subject to privacy, data use and data security regulations, which impact the way we use and handle data, operate our products and services and even impact our ability to offer a product or service. In addition, regulators are proposing new laws or regulations that could require Visa to adopt certain cybersecurity and data-handling practices, create new individual privacy rights and impose increased obligations on companies handling personal data.

Supervisory Oversight of the Payments Industry: Visa is subject to financial sector oversight and regulation in substantially all of the jurisdictions in which we operate. In the U.S., for example, the Federal Financial Institutions Examination Council (FFIEC) has supervisory oversight over Visa under applicable federal banking laws and policies as a technology service provider to U.S. financial institutions. The federal banking agencies comprising the FFIEC are the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the National Credit Union Administration. Visa also may be separately examined by the Bureau of Consumer Financial Protection as a service provider to the banks that issue Visa-branded consumer credit and debit card products. Central banks in other countries/regions, including Europe, India, Russia, Ukraine and the United Kingdom (as discussed below), have recognized or designated Visa as a retail payment system under various types of financial stability regulations. Visa is also subject to oversight by banking and financial sector authorities in other jurisdictions, such as Brazil and Hong Kong.

European and United Kingdom Regulations and Supervisory Oversight: Visa in Europe continues to be subject to complex and evolving regulation in the United Kingdom and the European Economic Area (EEA). Specifically, in the United Kingdom, Visa Europe is designated as a Recognized Payment System, bringing it within the scope of the Bank of England's supervisory powers and subject to various requirements, including on issues such as governance and risk management designed to maintain the stability of the United Kingdom's financial system. Visa Europe is also regulated by the United Kingdom's Payment Systems Regulator (PSR), which has wide-ranging powers and authority to review our business practices, systems, rules and fees with respect to promoting competition and innovation in the United Kingdom, and ensuring payments meet account holder needs.

Furthermore, there are a number of EU regulations that impact our business. As discussed above, the IFR regulates interchange rates within Europe, requires Visa Europe to separate its payment card scheme activities from processing activities for accounting, organization, and decision-making purposes within the EU and imposes limitations on network exclusivity and routing. National competent authorities in the EU are responsible for monitoring and enforcing the IFR in their markets. We are also subject to regulations governing privacy and data protection, anti-bribery, anti-money laundering, anti-terrorism and sanctions. Other regulations in Europe, such as the second Payment Services Directive (PSD2), require, among other things, that our financial institution clients provide certain customer account access rights to emerging non-financial institution players. PSD2 also includes strong customer authentication requirements for certain transactions that could impose both operational complexity on Visa and negatively impact consumer payment experiences.

Post-Brexit, the United Kingdom has adopted various European regulations, including regulations that impact the payments ecosystem such as the IFR and PSD2. The PSR is responsible for monitoring Visa Europe's compliance with the IFR as adopted in the United Kingdom.

ESG and Sustainability: Certain governments around the world are adopting laws and regulations pertaining to ESG performance, transparency and reporting. Regulations may include mandated corporate reporting on ESG overall (e.g., EU Sustainable Reporting Directive) or in individual areas such as mandated reporting on climate-related financial disclosures.

Additional Regulatory Developments: Various regulatory agencies across the world also continue to examine a wide variety of other issues, including mobile payment transactions, tokenization, access rights for non-financial institutions, money transfer services, identity theft, account management guidelines, disclosure rules, security and marketing that could affect our financial institution clients and our business. Furthermore, following the passage of PSD2 in Europe, several countries, including Australia, Brazil, Canada, Hong Kong and Mexico, are contemplating granting or have already granted various types of access rights to third party processors, including access to consumer account data maintained by our financial institution clients. These changes could have negative implications for our business depending on how the regulations are framed and implemented.

AVAILABLE INFORMATION

Our corporate website is usa.visa.com/about-visa.html. Our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, proxy statements and any amendments to those reports filed or furnished pursuant to the U.S. Securities Exchange Act of 1934, as amended, can be viewed at www.sec.gov and our investor relations website at investor.visa.com as soon as reasonably practicable after these materials are electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC). In addition, we routinely post financial and other information, which could be deemed to be material to investors, on our investor relations website. Information regarding our ESG, corporate responsibility and sustainability initiatives is also available on our website at usa.visa.com/about-visa/esg.html. The content of any of our websites referred to in this report is not incorporated by reference into this report or any other filings with the SEC.

ITEM 1A. Risk Factors

Regulatory Risks

We are subject to complex and evolving global regulations that could harm our business and financial results.

As a global payments technology company, we are subject to complex and evolving regulations that govern our operations. See *Item 1—Business—Government Regulation* for more information on the most significant areas of regulation that affect our business. The impact of these regulations on us, our clients, and other third parties could limit our ability to enforce our payments system rules; require us to adopt new rules or change existing rules; affect our existing contractual arrangements; increase our compliance costs; require us to make our technology or intellectual property available to third parties, including competitors, in an undesirable manner; and reduce our revenue opportunities. As discussed in more detail below, we may face differing rules and regulations in matters like interchange reimbursement rates, preferred routing, domestic processing requirements, currency conversion, point-of-sale transaction rules and practices, privacy, data use or protection, licensing requirements, and associated product technology. As a result, the Visa operating rules and our other contractual commitments may differ from country to country or by product offering. Complying with these and other regulations increases our costs and could reduce our revenue opportunities. Our diversification into new product offerings and participation in new flows could also introduce new licensing and other regulatory obligations that impact our business.

If widely varying regulations come into existence worldwide, we may have difficulty rapidly adjusting our product offerings, services, fees and other important aspects of our business in the regions where we operate. Our compliance programs and policies are designed to support our compliance with a wide array of regulations and laws, such as anti-money laundering, anti-corruption, competition, money transfer services, privacy and sanctions, and we continually enhance our compliance programs as regulations evolve. However, we cannot guarantee that our practices will be deemed compliant by all applicable regulatory authorities. In the event our controls should fail or we are found to be out of compliance for other reasons, we could be subject to monetary damages, civil and criminal penalties, litigation, investigations and proceedings, and damage to our global brands and reputation. Furthermore, the evolving and increased regulatory focus on the payments industry could negatively impact or reduce the number of Visa products our clients issue, the volume of payments we process, our revenues, our brands, our competitive positioning, our ability to use our intellectual property to differentiate our products and services, the quality and types of products and services we offer, the countries in which our products are used, and the types of consumers and merchants who can obtain or accept our products, all of which could harm our business.

Increased scrutiny and regulation of the global payments industry, including with respect to interchange reimbursement fees, merchant discount rates, operating rules, risk management protocols and other related practices, could harm our business.

Regulators around the world have been establishing or increasing their authority to regulate certain aspects of the payments industry. See *Item 1—Business —Government Regulation* for more information. In the U.S. and many other jurisdictions, we have historically set default interchange reimbursement fees. Even though we generally do not receive any revenue related to interchange reimbursement fees in a payment transaction (in the context of credit and debit transactions, those fees are paid by the acquirers to the issuers; the reverse is true for certain transactions like ATM), interchange reimbursement fees are a factor on which we compete with other payments providers and are therefore an important determinant of the volume of transactions we process. Consequently, changes to these fees, whether voluntarily or by mandate, can substantially affect our overall payments volumes and revenues.

Interchange reimbursement fees, certain operating rules and related practices continue to be subject to increased government regulation globally, and regulatory authorities and central banks in a number of jurisdictions have reviewed or are reviewing these fees, rules, and practices. For example, regulations adopted by the U.S. Federal Reserve cap the maximum U.S. debit interchange reimbursement rate received by large financial institutions at 21 cents plus 5 basis points per transaction, plus a possible fraud adjustment of 1 cent. The Dodd-Frank Act also limits issuers' and our ability to adopt network exclusivity and preferred routing in the debit and prepaid area, which also impacts our business. Earlier this year, the Federal Reserve issued a notice of proposed rulemaking that would, among other things, require issuers to ensure that at least two networks are available for routing card not present debit transactions. Various stakeholder groups are also advocating that the Federal Reserve further lower interchange fees on debit transactions and restrict the ability of payments networks to enter

into certain incentive and growth agreements with issuers. In addition, there continues to be interest in further regulation of interchange fees and routing practices by members of Congress and state legislators in the U.S. The EU's IFR places an effective cap on consumer credit and consumer debit interchange fees for both domestic and cross-border transactions within the EEA (30 basis points and 20 basis points, respectively). EU member states have the ability to further reduce these interchange levels within their territories. The European Commission concluded its impact assessment of the IFR, indicating that while it does not intend to expand the legislation at this time, it will continue to monitor market dynamics. Countries in other parts of the world, including the Latin America region, have either adopted or are exploring interchange caps. For example, in March 2017, Argentina's central bank passed regulations that cap interchange fees on credit and debit transactions. In March 2018, Brazil adopted interchange caps on debit transactions and in March 2020, the Congress in Costa Rica passed legislation allowing the Central Bank to regulate interchange and other fees. This trend to regulate pricing continued in Latin America in 2021, when the President in Chile signed legislation to create a committee to set interchange caps. Finally, in Australia, the Reserve Bank completed its review of the country's payment system regulations and made a series of preliminary recommendations including, to further lower interchange rates for debit transactions, and set expectations for issuers and acquirers in the country to support greater issuance and acceptance of dual-badged debit cards and allow merchant choice routing on certain transactions.

When we cannot set default interchange reimbursement rates at optimal levels, issuers and acquirers may find our payments system less attractive. This may increase the attractiveness of other payments systems, such as our competitors' closed-loop payments systems with direct connections to both merchants and consumers. We believe some issuers may react to such regulations by charging new or higher fees, or reducing certain benefits to consumers, which make our products less appealing to consumers. Some acquirers may elect to charge higher MDR regardless of the Visa interchange reimbursement rate, causing merchants not to accept our products or to steer customers to alternative payments systems or forms of payment. In addition, in an effort to reduce the expense of their payment programs, some issuers and acquirers have obtained, and may continue to obtain, incentives from us, including reductions in the fees that we charge, which may directly impact our revenues.

In addition to the regulation of interchange reimbursement fees, a number of regulators impose restrictions on other aspects of our payments business. For example, many governments including, but not limited to governments in India and Turkey are using regulation to further drive down MDR, which could negatively affect the economics of our transactions. Some countries in Latin America, like Peru and Chile are relying on antitrust-driven regulatory actions that can have implications for how the payments ecosystem and four party model operate. The PSR's review of the acquiring market in the United Kingdom could lead to additional regulatory pressure on our business. With increased merchant lobbying, we could also begin to see regulatory interest in network fees. Government regulations or pressure may also require us to allow other payments networks to support Visa products or services, or to have the other network's functionality or brand marks on our products. As innovations in payment technology have enabled us to expand into new products and services, they have also expanded the potential scope of regulatory influence. For instance, new products and capabilities, including tokenization, push payments, and non-card based payment flows (e.g., Visa B2B Connect) could bring increased licensing or authorization requirements in the countries where the product or capability is offered. In addition, the EU's requirement to separate scheme and processing adds costs and impacts the execution of our commercial, innovation and product strategies.

We are also subject to central bank oversight in a growing number of countries, including, Brazil, India, Russia, the United Kingdom and within the EU. Furthermore, some countries with existing oversight frameworks are looking to further enhance their regulatory powers. This oversight could result in new governance, reporting, licensing, cybersecurity, processing infrastructure, capital, or credit risk management requirements. We could also be required to adopt policies and practices designed to mitigate settlement and liquidity risks, including increased requirements to maintain sufficient levels of capital and financial resources locally, as well as localized risk management or governance. Increased oversight could also include new criteria for member participation and merchant access to our payments system. Additionally, regulators in other jurisdictions are considering or adopting approaches based on similar regulatory principles.

Regulators around the world increasingly take note of each other's approaches to regulating the payments industry. Consequently, a development in one jurisdiction may influence regulatory approaches in another. The risks created by a new law, regulation or regulatory outcome in one jurisdiction have the potential to be replicated and to negatively affect our business in another jurisdiction or in other product offerings. For example, our settlement with the European Commission on cross-border interchange rates has drawn some preliminary attention of regulators in other parts of the world. Similarly, new regulations involving one product offering may prompt regulators to extend the regulations to other product offerings. For example, credit payments could become subject to similar regulation.

as debit payments (or vice versa). For instance, the Reserve Bank of Australia initially capped credit interchange, but subsequently capped debit interchange as well.

Government-imposed obligations and/or restrictions on international payment systems may prevent us from competing against providers in certain countries, including significant markets such as China, India and Russia.

Governments in a number of jurisdictions shield domestic payment card networks, brands, and processors from international competition by imposing market access barriers and preferential domestic regulations. To varying degrees, these policies and regulations affect the terms of competition in the marketplace and undermine the competitiveness of international payments networks. Public authorities may impose regulatory requirements that favor domestic providers or mandate that domestic payments or data processing be performed entirely within that country, which could prevent us from managing the end-to-end processing of certain transactions.

In Russia, legislation effectively prevents us from processing domestic transactions. The central bank controlled national payment card system (NSPK) is the only entity allowed to process domestically. In China, UnionPay remains the sole processor of domestic payment card transactions and operates the sole domestic acceptance mark. Although we have filed an application with the People's Bank of China (PBOC) to operate a Bank Card Clearing Institution (BCCI) in China, the timing and the procedural steps for approval remain uncertain. The approval process might require several years, and there is no guarantee that the license to operate a BCCI will be approved or, if we obtain such license, that we will be able to successfully compete with domestic payments networks.

Regulatory initiatives in India also suggest growing nationalistic priorities, including a data localization mandate passed by the government, which has cost implications for us and could affect our ability to effectively compete with domestic payment providers. Furthermore, any inability to meet the requirements of the data localization mandate could impact our ability to do business in India. In Europe, with the support of the European Central Bank, a group of European banks have announced their intent to launch a pan-European payment system, the European Payments Initiative or EPI, with the purported intent to reduce the risks of disintermediation by international technology companies and continued reliance on international payments networks for intra-Europe card transactions. Furthermore, regional groups of countries, such as the Gulf Cooperation Council (GCC) and a number of countries in Southeast Asia, are considering, or may consider, efforts to restrict our participation in the processing of regional transactions. The African Development Bank has also indicated an interest in supporting national payment systems in its efforts to expand financial inclusion and strengthen regional financial stability. Finally, some countries such as South Africa are mandating on-shore processing of domestic transactions. Geopolitical events, including sanctions, trade tensions or other types of activities could potentially intensify any or all of these activities, which could adversely affect our business.

Due to our inability to manage the end-to-end processing of transactions for cards in certain countries (e.g., Russia and Thailand), we depend on our close working relationships with our clients or third-party processors to ensure transactions involving our products are processed effectively. Our ability to do so may be adversely affected by regulatory requirements and policies pertaining to transaction routing or on-shore processing.

Co-badging and co-residency regulations may pose additional challenges in markets where Visa competes with national networks for issuance and routing. For example, in China, certain banks have issued dual-branded cards for which domestic transactions in China are processed by UnionPay and transactions outside of China are processed by us or other international payments networks. The PBOC is contemplating that dual-branded cards could be phased out over time as new licenses are issued to international companies to participate in China's domestic payments market. Accordingly, we have been working with Chinese issuers to issue Visa-only branded cards for international travel, and later for domestic transactions after we obtain a BCCI license. However, notwithstanding such efforts, the phase out of dual-branded cards may decrease our payment volumes and impact the revenue we generate in China. Furthermore, as discussed above, Australia is contemplating additional requirements to mandate dual-badged or co-badged cards that support the local domestic debit network, Eftpos.

Mir and UnionPay have grown rapidly in Russia and China, respectively, and are actively pursuing international expansion plans, which could potentially lead to regulatory pressures on our international routing rule (which requires that international transactions on Visa cards be routed over VisaNet). Furthermore, although regulatory barriers shield Mir and UnionPay from competition in Russia and China, respectively, alternative payment providers such as Alipay and WeChat Pay have rapidly expanded into ecommerce, offline, and cross-border payments, which could make it difficult for us to compete even if our license is approved in China. NetsUnion Clearing Corp, a

Chinese digital transaction routing system, and other such systems could have a competitive advantage in comparison with international payments networks.

Finally, central banks in a number of countries, including those in Argentina, Australia, Brazil, Canada and Russia, are in the process of developing or expanding national real-time payments networks with the goal of driving a greater number of domestic transactions onto these systems. Similarly, an increasing number of jurisdictions are exploring the concept of building central bank digital currencies for retail payments. If successfully deployed, these national payment platforms and digital currencies could have significant implications for Visa's domestic and cross-border payments, including potential disintermediation.

In general, national laws that protect or otherwise support domestic providers or processing may increase our costs; decrease our payments volumes and impact the revenue we generate in those countries; decrease the number of Visa products issued or processed; impede us from utilizing our global processing capabilities and controlling the quality of the services supporting our brands; restrict our activities; limit our growth and the ability to introduce new products, services and innovations; force us to leave countries or prevent us from entering new markets; and create new competitors, all of which could harm our business.

Laws and regulations regarding the handling of personal data and information may impede our services or result in increased costs, legal claims, or fines against us.

Our business relies on the processing of data in many jurisdictions and the movement of data across national borders. Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. For example, in July 2020 the Court of Justice of the European Union (CJEU) ruled to invalidate the U.S./EU Privacy Shield — a legal framework that allowed participating companies to transfer personal data from EU member states to the U.S. Visa has never used the Privacy Shield framework for its transfers, and relies instead on standard contractual clauses. However, the CJEU ruling made clear that these transfer mechanisms will be subject to additional scrutiny as well. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. For example, the EU's and UK's General Data Protection Regulation (GDPR) extends the scope of the EU and UK data protection law to all companies processing data of EU and UK residents, regardless of the company's location. The law requires companies to comply with a broad range of requirements regarding the handling of personal information. Although we have a global data privacy program that addresses the requirements applicable to our international business, our ongoing efforts to comply with GDPR and rapidly emerging privacy and data protection laws in countries such as India or states in the U.S. such as Colorado and Virginia may increase the complexity of our compliance operations, entail substantial expenses, divert resources from other initiatives and projects, and could limit the services we are able to offer.

Furthermore, inconsistent local and regional regulations restricting location, movement, collection, use and management of data may limit our ability to innovate or compete in certain jurisdictions. For example, China adopted its first comprehensive privacy law, the Personal Information Protection Law (PIPL), which took effect in November 2021. Although certain details of PIPL may require further regulatory clarification or guidance, Visa could be impacted more significantly if our license is approved and we begin conducting domestic bank card clearing activity in China. Lastly, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The enactment of more restrictive laws, rules, regulations, or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability.

We may be subject to tax examinations or disputes, or changes in tax laws.

We exercise significant judgment and make estimates in calculating our worldwide provision for income taxes and other tax liabilities. Although we believe our tax estimates are reasonable, many factors may limit their accuracy. We are currently under examination by, or in disputes with, the U.S. Internal Revenue Service, the UK's HM Revenue and Customs as well as tax authorities in other jurisdictions, and we may be subject to additional examinations or disputes in the future. Relevant tax authorities may disagree with our tax treatment of certain material items and thereby increase our tax liability. Failure to sustain our position in these matters could harm our cash flow and financial position. In addition, changes in existing laws in the U.S. or foreign jurisdictions, including unilateral actions of foreign jurisdictions to introduce digital services taxes, or changes resulting from the Organisation for Economic Cooperation and Development's Programme of Work, related to the revision of profit allocation and nexus rules and design of a system to ensure multinational enterprises pay a minimum level of tax to

the countries where we earn revenue, may also materially affect our effective tax rate. A substantial increase in our tax payments could have a material, adverse effect on our financial results. See also Note 19—*Income Taxes* to our consolidated financial statements included in Item 8—*Financial Statements and Supplementary Data* of this report.

Litigation Risks

We may be adversely affected by the outcome of litigation or investigations, despite certain protections that are in place.

We are involved in numerous litigation matters, investigations, and proceedings asserted by civil litigants, governments, and enforcement bodies investigating or alleging, among other things, violations of competition and antitrust law, consumer protection law, privacy law and intellectual property law (these are referred to as “actions” in this section). Details of the most significant actions we face are described more fully in Note 20—*Legal Matters* to our consolidated financial statements included in Item 8—*Financial Statements and Supplementary Data* of this report. These actions are inherently uncertain, expensive and disruptive to our operations. In the event we are found liable in any material action, particularly in a large class action lawsuit, such as one involving an antitrust claim entitling the plaintiff to treble damages in the U.S., or we incur liability arising from a government investigation, we may be required to pay significant awards, settlements or fines. In addition, settlement terms, judgments, orders or pressures resulting from actions may harm our business by influencing or requiring us to modify, among other things, the default interchange reimbursement rates we set, the Visa operating rules or the way in which we enforce those rules, our fees or pricing, or the way we do business. These actions or their outcomes may also influence regulators, investigators, governments or civil litigants in the same or other jurisdictions, which may lead to additional actions against Visa. Finally, we are required by some of our commercial agreements to indemnify other entities for litigation brought against them, even if Visa is not a defendant.

For certain actions like those that are U.S. covered litigation or VE territory covered litigation, as described in Note 5—*U.S. and Europe Retrospective Responsibility Plans* and Note 20—*Legal Matters* to our consolidated financial statements included in Item 8—*Financial Statements and Supplementary Data* of this report, we have certain financial protections pursuant to the respective retrospective responsibility plans. The two retrospective responsibility plans are different in the protections they provide and the mechanisms by which we are protected. The failure of one or both of the retrospective responsibility plans to adequately insulate us from the impact of such settlements, judgments, losses, or liabilities could materially harm our financial condition or cash flows, or even cause us to become insolvent.

Business Risks

We face intense competition in our industry.

The global payments space is intensely competitive. As technology evolves, new competitors or methods of payment emerge, and existing clients and competitors assume different roles. Our products compete with cash, checks, electronic funds, virtual currency payments, global or multi-regional networks, other domestic and closed-loop payments systems, and alternative payment providers primarily focused on enabling payments through ecommerce and mobile channels. As the global payments space becomes more complex, we face increasing competition from our clients, other emerging payment providers such as fintechs, other digital payments, technology companies that have developed payments systems enabled through online activity in ecommerce, social media, and mobile channels, as well as governments in a number of jurisdictions (e.g. Brazil, India and Russia), that are developing, supporting and/or operating national schemes, real time payments networks and other payment platforms.

Our competitors may acquire or develop substantially better technology, have more widely adopted delivery channels or have greater financial resources. They may offer more effective, innovative or a wider range of programs, products and services. They may use more effective advertising and marketing strategies that result in broader brand recognition, and greater use, including with respect to issuance and merchant acceptance. They may also develop better security solutions or more favorable pricing arrangements. Moreover, even if we successfully adapt to technological change and the proliferation of alternative types of payment services by developing and offering our own services in these areas, such services may provide less favorable financial terms for us than we currently receive from VisaNet transactions, which could hurt our financial results and prospects.

Certain of our competitors operate with different business models, have different cost structures or participate in different market segments. Those business models may ultimately prove more successful or more adaptable to

regulatory, technological and other developments. In some cases, these competitors have the support of government mandates that prohibit, limit or otherwise hinder our ability to compete for transactions within certain countries and regions. Some of our competitors, including American Express, Discover, private-label card networks, virtual currency providers, technology companies that enable the exchange of digital assets, and certain alternative payments systems like Alipay and WeChat Pay, operate closed-loop payments systems, with direct connections to both merchants and consumers. Government actions or initiatives such as the Dodd-Frank Act, the IFR in Europe, or real time payment initiatives by governments such as the U.S. Federal Reserve's FedNow or the Central Bank of Brazil's Pix system may provide competitors with increased opportunities to derive competitive advantages from these business models, and may create new competitors, including in some cases the government itself. Similarly, regulation in Europe under PSD2 and the IFR may require us to open up access to, and allow participation in, our network to additional participants, and reduce the infrastructure investment and regulatory burden on competitors. We also run the risk of disintermediation due to factors such as emerging technologies and platforms, including mobile payments, alternative payment credentials, other ledger technologies or payment forms, and by virtue of increasing bilateral agreements between entities that prefer not to use our payments network for processing transactions. For example, merchants could process transactions directly with issuers, or processors could process transactions directly with issuers and acquirers.

We expect the competitive landscape to continue to shift and evolve. For example:

- we, along with our competitors, clients, network participants, and others are developing or participating in alternative payments systems or products, such as mobile payment services, ecommerce payment services, P2P payment services, real-time and faster payment initiatives, and payment services that permit ACH or direct debits from or to consumer checking accounts, that could either reduce our role or otherwise disintermediate us from the transaction processing or the value added services we provide to support such processing. Examples include initiatives from The Clearing House, an association consisting of large financial institutions that has developed its own faster payments system; Early Warning Services, which operates Zelle, a bank-offered alternative network that provides another platform for faster funds or real-time payments across a variety of payment types, including P2P, corporate and government disbursement, bill pay and deposit check transactions; and cryptocurrency or stablecoin-based payments initiatives.
- similarly, many countries are developing or promoting domestic networks, switches and real-time payment systems (e.g. India, Russia, as well as Europe). To the extent these governments mandate local banks and merchants to use and accept these systems for domestic or other transactions, prohibit international payments networks, like Visa, from participating on those systems, and/or impose restrictions or prohibitions, on international payments networks from offering payment services on such transactions, we could face the risk of our business being disintermediated in those countries. For example, in Argentina, the government has mandated local acquirers to use debit card credentials to initiate payment transactions on a government-sponsored national real-time payment system. Furthermore, in some regions (e.g., Southeast Asia; the Middle East), through intergovernmental organizations such as the Association of Southeast Asian Nations and the GCC, some countries are looking into cross-border connectivity of such domestic systems;
- parties that process our transactions may try to minimize or eliminate our position in the payments value chain;
- parties that access our payment credentials, tokens and technologies, including clients, technology solution providers or others might be able to migrate or steer account holders and other clients to alternative payment methods or use our payment credentials, tokens and technologies to establish or help bolster alternate payment methods and platforms;
- participants in the payments industry may merge, form joint ventures or enable or enter into other business combinations that strengthen their existing business propositions or create new, competing payment services; and
- new or revised industry standards related to online checkout and web payments, cloud-based payments, tokenization or other payments-related technologies set by individual countries, regions or organizations such as the International Organization for Standardization, American National Standards Institute, World Wide Web Consortium, European Card Standards Group, PCI Co, Nexo and EMVCo may result in additional costs and expenses for Visa and its clients, or otherwise negatively impact the functionality and competitiveness of our products and services.

As the competitive landscape is quickly evolving, we may not be able to foresee or respond sufficiently to emerging risks associated with new businesses, products, services and practices. We may be asked to adjust our local rules and practices, develop or customize certain aspects of our payment services, or agree to business arrangements that may be less protective of Visa's proprietary technology and interests in order to compete and we may face increasing operational costs and risk of litigation concerning intellectual property. Our failure to compete effectively in light of any such developments could harm our business and prospects for future growth.

Our revenues and profits are dependent on our client and merchant base, which may be costly to win, retain, and develop.

Our financial institution clients and merchants can reassess their commitments to us at any time or develop their own competitive services. While we have certain contractual protections, our clients, including some of our largest clients, generally have flexibility to issue non-Visa products. Further, in certain circumstances, our financial institution clients may decide to terminate our contractual relationship on relatively short notice without paying significant early termination fees. Because a significant portion of our net revenues is concentrated among our largest clients, the loss of business from any one of these larger clients could harm our business, results of operations, and financial condition. For more information, please see Note 14—*Enterprise-wide Disclosures and Concentration of Business* to our consolidated financial statements included in Item 8—*Financial Statements and Supplementary Data* of this report.

In addition, we face intense competitive pressure on the prices we charge our financial institution clients. In order to stay competitive, we may need to adjust our pricing or offer incentives to our clients to increase payments volume, enter new market segments, adapt to regulatory changes, and expand their use and acceptance of Visa products and services. These include up-front cash payments, fee discounts, rebates, credits, performance-based incentives, marketing, and other support payments that impact our revenues and profitability. In addition, we offer incentives to certain merchants or acquirers to win routing preference in relation to other network options or forms of payment. Market pressures on pricing, incentives, fee discounts, and rebates could moderate our growth. If we are not able to implement cost containment and productivity initiatives in other areas of our business or increase our volumes in other ways to offset or absorb the financial impact of these incentives, fee discounts, and rebates, it may harm our net revenues and profits.

In addition, it may be difficult or costly for us to acquire or conduct business with financial institutions or merchants that have longstanding exclusive, or nearly exclusive, relationships with our competitors. These financial institutions or merchants may be more successful and may grow more quickly than our existing clients or merchants. In addition, if there is a consolidation or acquisition of one or more of our largest clients or co-brand partners by a financial institution client or merchant with a strong relationship with one of our competitors, it could result in our business shifting to a competitor, which could put us at a competitive disadvantage and harm our business.

Merchants' and processors' continued push to lower acceptance costs and challenge industry practices could harm our business.

We rely in part on merchants and their relationships with our clients to maintain and expand the use and acceptance of Visa products. Certain merchants and merchant-affiliated groups have been exerting their influence in the global payments system in certain jurisdictions, such as the U.S., Canada and Europe, to attempt to lower their acceptance costs by lobbying for new legislation, seeking regulatory intervention, filing lawsuits and in some cases, refusing to accept Visa products. If they are successful in their efforts, we may face increased compliance and litigation expenses, issuers may decrease their issuance of our products, and consumer usage of our products could be adversely impacted. For example, in the U.S., certain stakeholders have raised concerns regarding how payment security standards and rules may impact debit routing choice and the cost of payment card acceptance. In addition to ongoing litigation related to the U.S. migration to EMV-capable cards and point-of-sale terminals, U.S. merchant-affiliated groups and processors have expressed concerns regarding the EMV certification process and some policymakers have expressed concerns about the roles of industry bodies such as EMVCo and the Payment Card Industry Security Standards Council in the development of payment card standards. Additionally, some merchants and processors have advocated for changes to industry practices and Visa acceptance requirements at the point of sale, including the ability for merchants to accept only certain types of Visa products, to mandate only PIN authenticated transactions, to differentiate or steer among Visa product types issued by different financial institutions, and to impose surcharges on customers presenting Visa products as their form of payment. If successful, these efforts could adversely impact consumers' usage of our products, lead to regulatory enforcement and/or litigation, increase our compliance and litigation expenses, and harm our business.

We depend on relationships with financial institutions, acquirers, processors, merchants, payment facilitators, ecommerce platforms, fintechs and other third parties.

As noted above, our relationships with industry participants are complex and require us to balance the interests of multiple third parties. For instance, we depend significantly on relationships with our financial institution clients and on their relationships with account holders and merchants to support our programs and services, and thereby compete effectively in the marketplace. We engage in discussions with merchants, acquirers, ecommerce platforms and processors to provide incentives to promote routing preference and acceptance growth. We also engage in many payment card co-branding efforts with merchants, who receive incentives from us. As emerging participants such as fintechs enter the payments industry, we engage in discussions to address the role they may play in the ecosystem, whether as, for example, an issuer, merchant, ecommerce platform or digital wallet provider. As these and other relationships become more prevalent and take on a greater importance to our business, our success will increasingly depend on our ability to sustain and grow these relationships. In addition, we depend on our clients and third parties, including network partners, vendors and suppliers, to submit, facilitate and process transactions properly, provide various services associated with our payments network on our behalf, and otherwise adhere to our operating rules and applicable laws. To the extent that such parties fail to perform or deliver adequate services, it may result in negative experiences for account holders or others when using their Visa-branded payment products, which could harm our business and reputation.

Our business could be harmed if we are not able to maintain and enhance our brand, if events occur that have the potential to damage our brand or reputation, or if we experience brand disintermediation.

Our brand is globally recognized and is a key asset of our business. We believe that our clients and account holders associate our brand with acceptance, security, convenience, speed, and reliability. Our success depends in large part on our ability to maintain the value of our brand and reputation of our products and services in the payments ecosystem, elevate the brand through new and existing products, services and partnerships, and uphold our corporate reputation. The popularity of products that we have developed in partnership with technology companies and financial institutions may have the potential to cause consumer confusion or brand disintermediation at the point-of-sale and decrease the value of our brand. Our brand reputation may be negatively impacted by a number of factors, including authorization, clearing and settlement service disruptions; data security breaches; compliance failures by Visa, including our employees, agents, clients, partners or suppliers; failure to meet our environmental, social and governance goals; negative perception of our industry, the industries of our clients, Visa-accepting merchants, or our clients' customers, including third party payments providers; ill-perceived actions or affiliations by clients, partners or other third parties, such as sponsorship or co-brand partners; and fraudulent, controversial or illegal activities using our payment products. If we are unable to maintain our reputation, the value of our brand may be impaired, which could harm our relationships with clients, account holders, governments and the public, as well as impact our business.

Global economic, political, market, health and social events or conditions, including the ongoing effects of the coronavirus pandemic, may harm our business.

More than half of our net revenues are earned outside the U.S. International cross-border transaction revenues represent a significant part of our revenue and are an important part of our growth strategy. Our revenues are dependent on the volume and number of payment transactions made by consumers, governments, and businesses whose spending patterns may be affected by prevailing economic, political, market, health and social events or conditions. Adverse macroeconomic conditions, including recessions, inflation, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, or a slowdown of global trade could decrease consumer and corporate confidence and reduce consumer, small business, government, and corporate spending which have a direct impact on our revenues. In addition, outbreaks of illnesses, pandemics like COVID-19, or other local or global health issues, political uncertainties, international hostilities, armed conflict, or unrest, climate-related events, including the increasing frequency of extreme weather events, and natural disasters could have similar impacts on our operations, clients, third-party suppliers, activities in a particular location or globally, and cross-border travel and spend. Geopolitical trends towards nationalism, protectionism, and restrictive visa requirements, as well as continued activity and uncertainty around economic sanctions, tariffs or trade restrictions could limit the expansion of our business in those regions. In addition, as governments, investors and other stakeholders face additional pressures to accelerate actions to address climate change and other environmental, governance and social topics, governments may implement regulations or investors and other stakeholders may impose new expectations or focus investments in ways that cause significant shifts in disclosure, commerce and consumption behaviors that may have negative impacts on our business. As a result of any of these factors, any decline in cross-

border travel and spend could impact the number of cross-border transactions we process and our currency exchange activities, which in turn would reduce our international transaction revenues.

A decline in economic, political, market, health and social conditions could impact our clients as well, and their decisions could reduce the number of cards, accounts, and credit lines of their account holders, which ultimately impact our revenues. They may also implement cost-reduction initiatives that reduce or eliminate marketing budgets, and decrease spending on optional or enhanced value added services from us. Any events or conditions that impair the functioning of the financial markets, tighten the credit market, or lead to a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access the capital and credit markets on favorable terms, which could affect our liquidity and capital resources, or significantly increase our cost of capital. If clients default on their settlement obligations, it may also impact our liquidity. Any of these events could adversely affect our volumes and revenue.

The ongoing effects of the coronavirus pandemic remain difficult to predict due to numerous uncertainties, including the transmissibility, severity, duration and resurgence of the outbreak; new variants of the virus; the uptake and effectiveness of health and safety measures or actions that are voluntarily adopted by the public or required by governments or public health authorities, including vaccines and treatments; the speed and strength of an economic recovery, including the reopening of borders and the resumption of international travel; and the impact to our employees and our operations, the business of our clients, suppliers and business partners; and other factors such as:

- third party disruptions, including potential outages at network providers, call centers and other suppliers;
- increased consumer dispute volumes due to travel or event cancellations and the speed or accuracy in processing refunds;
- increased cyber and payment fraud risk, as cybercriminals attempt DDoS related attacks, phishing scams and other disruptive actions, given the shift to online banking, ecommerce and other online activity, as well as more employees working remotely as a result of the ongoing pandemic;
- challenges to the availability and reliability of our network due to changes to normal operations, including the possibility of one or more clusters of COVID-19 cases occurring at our data centers, affecting our employees, or affecting the systems or employees of our issuers, acquirers or merchants;
- additional regulatory requirements, including, for example, government initiatives or requests to reduce or eliminate payments fees or other costs. A number of countries have taken steps to temporarily cap interchange or other fees on electronic payments as part of their COVID-19 economic relief measures. It is possible that some or all of these caps may become permanent over time, or that we see governments introduce additional and/or new pricing caps in future economic relief initiatives. In addition, proponents of interchange and/or MDR regulation may try to position government intervention as necessary to support recovery efforts. In an overall soft global economy, such pricing measures could result in additional financial pressures on our business; and
- workforce impacts, such as difficulty recruiting, retaining, training, motivating and developing employees due to evolving health and safety protocols; changing worker expectations and talent marketplace variability regarding flexible work models; restrictions on immigration, travel and employee mobility; and the challenges of maintaining our strong corporate culture, which values communication, collaboration and connections, despite a majority of employees working from home.

Our indemnification obligation to fund settlement losses of our clients exposes us to significant risk of loss and may reduce our liquidity.

We indemnify issuers and acquirers for settlement losses they may suffer due to the failure of another issuer or acquirer to honor its settlement obligations in accordance with the Visa operating rules. In certain instances, we may indemnify issuers or acquirers in situations in which a transaction is not processed by our system. This indemnification creates settlement risk for us due to the timing difference between the date of a payment transaction and the date of subsequent settlement. Our indemnification exposure is generally limited to the amount of unsettled Visa card payment transactions at any point in time and any subsequent amounts that may fall due relating to adjustments for previously processed transactions. Concurrent settlement failures or insolvencies involving more than one of our largest clients, several of our smaller clients, or systemic operational failures could negatively impact our financial position. Even if we have sufficient liquidity to cover a settlement failure or insolvency, we may

be unable to recover the amount of such payment. This could expose us to significant losses and harm our business. See Note 12—*Settlement Guarantee Management* to our consolidated financial statements included in Item 8—*Financial Statements and Supplementary Data* of this report.

Technology and Cybersecurity Risks

Failure to anticipate, adapt to, or keep pace with, new technologies in the payments industry could harm our business and impact future growth.

The global payments industry is undergoing significant and rapid technological change, including mobile and other proximity and in-app payment technologies, ecommerce, tokenization, cryptocurrencies, distributed ledger and blockchain technologies, and new authentication technologies such as biometrics, 3D Secure 2.0 and dynamic cardholder verification values or dCVV2. As a result, we expect new services and technologies to continue to emerge and evolve, including those developed by Visa such as our cross-border B2B payment service, Visa B2B Connect. In addition to our own initiatives and innovations, we work closely with third parties, including potential competitors, for the development of, and access to, new technologies. It is difficult, however, to predict which technological developments or innovations will become widely adopted and how those technologies may be regulated. Moreover, some of the new technologies could be subject to intellectual property-related lawsuits or claims, potentially impacting our development efforts and/or requiring us to obtain licenses. If we or our partners fail to adapt and keep pace with new technologies in the payments space in a timely manner, it could harm our ability to compete, decrease the value of our products and services to our clients, impact our intellectual property or licensing rights, harm our business and impact our future growth.

A disruption, failure or breach of our networks or systems, including as a result of cyber-attacks, could harm our business.

Our cybersecurity and processing systems, as well as those of financial institutions, merchants, and third-party service providers, have experienced in limited instances and may continue to experience errors, interruptions, delays or damage from a number of causes, including power outages, hardware, software and network failures, computer viruses, malware or other destructive software, internal design, manual or user errors, cyber-attacks, terrorism, workplace violence or wrongdoing, catastrophic events, natural disasters, severe weather conditions and other effects from climate change. In addition, there is risk that third party suppliers of hardware and infrastructure required to operate our data centers and support employee productivity could be impacted by supply chain disruptions, such as manufacturing and shipping delays. An extended supply chain disruption could also impact processing or delivery of technology services.

Furthermore, our visibility and role in the global payments industry may also put our company at a greater risk of being targeted by hackers. In the normal course of our business, we have been the target of malicious cyber-attack attempts. We have been, and may continue to be, impacted by attacks and data security breaches of financial institutions, merchants, or third-party processors. We are also aware of instances where nation states have sponsored attacks against some of our financial institution clients, and other instances where merchants and issuers have encountered substantial data security breaches affecting their customers, some of whom were Visa account holders. Such attacks and breaches have resulted, and may continue to result in, fraudulent activity and ultimately, financial losses to Visa's clients, and it is difficult to predict the direct or indirect impact of future attacks or breaches to our business.

Numerous and evolving cybersecurity threats, including advanced and persistent cyber-attacks, phishing and social engineering schemes, particularly on our internet-facing applications, could compromise the confidentiality, availability, and integrity of data in our systems or the systems of our third-party service providers. Because the techniques used to obtain unauthorized access, or to disable or degrade systems change frequently, have become increasingly more complex and sophisticated, and may be difficult to detect for periods of time, we may not anticipate these acts or respond adequately or timely. The security measures and procedures we, our financial institution and merchant clients, other merchants and third-party service providers in the payments ecosystem have in place to protect sensitive consumer data and other information may not be successful or sufficient to counter all data security breaches, cyber-attacks, or system failures. In some cases, the mitigation efforts may be dependent on third parties who may not deliver to the required contractual standards, who may not be able to timely patch vulnerabilities or fix security defects, or whose hardware, software or network services may be subject to error, defect, delay, outage or lack appropriate malware prevention to prevent breaches or data exfiltration incidents. Although we devote significant resources to our cybersecurity, acquired entities, and supplier risk management

programs and have implemented security measures to protect our systems and data, and to prevent, detect and respond to data security incidents, there can be no assurance that our efforts will prevent these threats.

These events could significantly disrupt our operations; impact our clients and consumers; damage our reputation and brand; result in litigation or claims, violations of applicable privacy and other laws, and increased regulatory review or scrutiny, investigations, actions, fines or penalties; result in damages or changes to our business practices; decrease the overall use and acceptance of our products; decrease our volume, revenues and future growth prospects; and be costly, time consuming and difficult to remedy. In the event of damage or disruption to our business due to these occurrences, we may not be able to successfully and quickly recover all of our critical business functions, assets, and data through our business continuity program. Furthermore, while we maintain insurance, our coverage may not sufficiently cover all types of losses or claims that may arise.

Structural and Organizational Risks

We may not achieve the anticipated benefits of our acquisitions or strategic investments, and may face risks and uncertainties as a result.

As part of our overall business strategy, we make acquisitions and strategic investments. We may not achieve the anticipated benefits of our current and future acquisitions and strategic investments and they may involve significant risks and uncertainties, including:

- disruption to our ongoing business, including diversion of resources and management's attention from our existing business;
- greater than expected investment of resources or operating expenses;
- failure to adequately develop our acquired entities;
- the data security, cybersecurity and operational resilience posture of our acquired entities, or companies we invest in or partner with, may not be adequate and may be more susceptible to cyber incidents;
- difficulty, expense or failure of implementing controls, procedures and policies at the acquired entities;
- challenges of integrating new employees, business cultures, business systems and technologies;
- failure to retain employees, clients or partners of our acquired entities;
- in the case of foreign acquisitions, risks related to the integration of operations across different cultures and languages;
- disruptions, costs, liabilities, judgments, settlements or business pressures resulting from litigation matters, investigations or legal proceedings involving the acquisitions or strategic investments;
- the inability to pursue aspects of the acquired entities due to outcomes in litigation matters, investigations or legal proceedings;
- failure to obtain the necessary government or other approvals at all, on a timely basis or without the imposition of burdensome conditions or restrictions;
- the economic, political, regulatory and compliance risks associated with entering into a new business or operating in new regions or countries. For more information on regulatory risks, please see *Item 1—Business—Government Regulations* and *Item 1A—Risk Factors—Regulatory Risks* above;
- discovery of unidentified issues and related liabilities after the acquisition or investment was made;
- failure to mitigate the deficiencies and liabilities of the acquired entities;
- dilutive issuance of equity securities, if new securities are issued;
- the incurrence of debt;
- negative impact on our financial position and/or statement of operations; and
- anticipated benefits, synergies or value of the investment or acquisition not materializing.

We may be unable to attract, hire, and retain a highly qualified and diverse workforce, including key management.

The talents and efforts of our employees, particularly our key management, are vital to our success. The market for highly skilled workers and leaders in our industry, especially in fintech, technology and other specialized areas, is extremely competitive. Our management team has significant industry experience and would be difficult to replace. We may be unable to retain them or to attract other highly qualified employees, particularly if we do not offer employment terms that are competitive with the rest of the labor market. Ongoing changes in laws and policies regarding immigration and work authorizations have made it more difficult for employees to work in, or transfer among, jurisdictions in which we have operations and could continue to impair our ability to attract and retain qualified employees. Failure to attract, hire, develop, motivate, and retain highly qualified and diverse employee talent; to meet our goals related to fostering an inclusive and diverse culture, including increasing the number of underrepresented employees in the U.S.; to develop and implement an adequate succession plan for the management team; to maintain a corporate culture that fosters innovation, collaboration and inclusion; or to design and successfully implement flexible work models that meet the expectations of employees and prospective employees could disrupt our operations and adversely affect our business and our future success. These challenges may be further amplified by the ongoing coronavirus pandemic.

The conversions of our class B and class C common stock or series A, B and C preferred stock into shares of class A common stock would result in voting dilution to, and could impact the market price of, our existing class A common stock.

The market price of our class A common stock could fall as a result of many factors. The value of our class B and C common stock and series A, B and C preferred stock is tied to the value of the class A common stock. Under our U.S. retrospective responsibility plan, upon final resolution of our U.S. covered litigation, all class B common stock will become convertible into class A common stock. In September 2020, we released \$7.3 billion of the as-converted value from our series B and series C preferred stock and issued series A preferred stock in connection with that release. Visa will continue to release value from the series B and series C preferred stock in stages based on developments in current and potential litigation under our Europe retrospective responsibility plan. The series B and series C preferred stock will become fully convertible to series A preferred stock or class A common stock no later than 2028 (subject to a holdback to cover any pending claims). Visa may take action on the class B common stock and series B and C preferred stock at a certain valuation and due to unforeseen circumstances the overall value of the class B and C common stock and series A, B and C preferred stock as determined by the class A common stock price, may later decrease. Conversion of our class B and class C common stock into class A common stock, or our series A, B and C preferred stock into class A common stock, would increase the amount of class A common stock outstanding, which could adversely affect the market price of our existing class A common stock and would dilute the voting power of existing class A common stockholders.

Holders of our class B and C common stock and series A, B and C preferred stock may have different interests than our class A common stockholders concerning certain significant transactions.

Although their voting rights are limited, holders of our class B and C common stock and, in certain specified circumstances, holders of our series A, B and C preferred stock, can vote on certain significant transactions. With respect to our class B and C common stock, these transactions include a proposed consolidation or merger, a decision to exit our core payments business and any other vote required under Delaware law. With respect to our series A, B and C preferred stock, voting rights are limited to proposed consolidations or mergers in which holders of the series A, B and C preferred stock would receive shares of stock or other equity securities with preferences, rights and privileges that are not substantially identical to the preferences, rights and privileges of the applicable series of preferred stock; or, in the case of series B and C preferred stock, holders would receive securities, cash or other property that is different from what our class A common stockholders would receive. Because the holders of classes of capital stock other than class A common stock are our current and former financial institution clients, they may have interests that diverge from our class A common stockholders. As a result, the holders of these classes of capital stock may not have the same incentive to approve a corporate action that may be favorable to the holders of class A common stock, and their interests may otherwise conflict with interests of our class A common stockholders.

Delaware law, provisions in our certificate of incorporation and bylaws, and our capital structure could make a merger, takeover attempt, or change in control difficult.

Provisions contained in our certificate of incorporation and bylaws and our capital structure could delay or prevent a merger, takeover attempt, or change in control that our stockholders may consider favorable. For example, except for limited exceptions:

- no person may beneficially own more than 15 percent of our class A common stock (or 15 percent of our total outstanding common stock on an as-converted basis), unless our board of directors approves the acquisition of such shares in advance;
- no competitor or an affiliate of a competitor may hold more than 5 percent of our total outstanding common stock on an as-converted basis;
- the affirmative votes of the class B and C common stock and series A, B and C preferred stock are required for certain types of consolidations or mergers;
- our stockholders may only take action during a stockholders' meeting and may not act by written consent; and
- only the board of directors, Chairman, or CEO or any stockholders who have owned continuously for at least one year not less than 15 percent of the voting power of all shares of class A common stock outstanding may call a special meeting of stockholders.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

At September 30, 2021, we owned or leased 123 office locations in 77 countries around the world, including three global processing centers located in the U.S. and the United Kingdom. Our corporate headquarters are located in owned and leased premises in the San Francisco Bay Area.

We believe that these facilities are suitable and adequate to support our ongoing business needs.

ITEM 3. Legal Proceedings

Refer to *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our class A common stock has been listed on the New York Stock Exchange under the symbol "V" since March 19, 2008. At November 10, 2021, we had 330 stockholders of record of our class A common stock. The number of beneficial owners is substantially greater than the number of record holders, because a large portion of our class A common stock is held in "street name" by banks and brokers. There is currently no established public trading market for our class B or C common stock. As of November 10, 2021, there were 1,243 and 435 holders of record of our class B and C common stock, respectively.

On October 22, 2021, our board of directors declared a quarterly cash dividend of \$0.375 per share of class A common stock (determined in the case of class B and C common stock and series A, B and C convertible participating preferred stock on an as-converted basis) payable on December 7, 2021, to holders of record as of November 12, 2021 of our common and preferred stock.

Subject to legally available funds, we expect to continue paying quarterly cash dividends on our outstanding common and preferred stock in the future. However, the declaration and payment of future dividends is at the sole discretion of our board of directors after taking into account various factors, including our financial condition, settlement indemnifications, operating results, available cash and current and anticipated cash needs.

Issuer Purchases of Equity Securities

The table below presents our purchases of common stock during the quarter ended September 30, 2021:

Period	Total Number of Shares Purchased	Average Purchase Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
(in millions, except per share data)				
July 1-31, 2021	2	\$ 243.34	2	\$ 7,302
August 1-31, 2021	6	\$ 233.92	6	\$ 5,942
September 1-30, 2021	5	\$ 224.87	5	\$ 4,679
Total	13	\$ 231.33	13	

⁽¹⁾ The figures in the table reflect transactions according to the trade dates. For purposes of our consolidated financial statements included in this Form 10-K, the impact of these repurchases is recorded according to the settlement dates.

See Note 15—Stockholders' Equity to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data of this report for further discussion on our share repurchase programs.

EQUITY COMPENSATION PLAN INFORMATION

The table below presents information as of September 30, 2021, for the Visa 2007 Equity Incentive Compensation Plan (the “EIP”) and the Visa Inc. Employee Stock Purchase Plan (the “ESPP”), which were approved by our stockholders. We do not have any equity compensation plans that have not been approved by our stockholders. For a description of the awards issued under the EIP and the ESPP, see *Note 17—Share-based Compensation* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Plan Category	(a) Number Of Shares of Class A Common Stock Issuable Upon Exercise of Outstanding Options And Rights	Weighted-Average Exercise Price of Outstanding Options	Number of Shares of Class A Common Stock Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a))
(in millions, except weighted-average exercise price)			

Equity compensation plans approved by stockholders	12 ⁽¹⁾	\$ 134.56 ⁽²⁾	113 ⁽³⁾
---	-------------------	--------------------------	--------------------

⁽¹⁾ As of September 30, 2021, the maximum number of shares issuable consisted of 6 million outstanding options, 5 million outstanding restricted stock units and 1 million outstanding performance shares under the EIP and less than 1 million outstanding purchase rights under the ESPP.

⁽²⁾ The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding stock options and does not reflect the shares that will be issued upon the vesting of outstanding restricted stock units and performance shares, which have no exercise price. Additionally, it excludes the weighted-average exercise price of the outstanding purchase rights under the ESPP, as the exercise price is based on the future stock price, net of discount, at the end of each monthly purchase over the offering period.

⁽³⁾ As of September 30, 2021, 98 million shares and 15 million shares remain available for issuance under the EIP and the ESPP, respectively.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis provides a review of the results of operations, financial condition and liquidity and capital resources of Visa Inc. and its subsidiaries ("Visa," "we," "us," "our" and the "Company") on a historical basis and outlines the factors that have affected recent earnings, as well as those factors that may affect future earnings. The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 8—Financial Statements and Supplementary Data of this report.

This section of this Form 10-K generally discusses fiscal 2021 compared to fiscal 2020. Discussions of fiscal 2020 compared to 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal 2020 Form 10-K, filed with the United States Securities and Exchange Commission on November 19, 2020.

Overview

Visa is a global payments technology company that enables innovative, reliable and secure electronic payments across more than 200 countries and territories. We facilitate global commerce and money movement across a global network of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies. Our advanced transaction processing network, VisaNet, enables authorization, clearing and settlement of payment transactions and allows us to offer products and solutions that facilitate secure, reliable, and efficient money movement for all participants in the ecosystem.

Financial overview. A summary of our as-reported U.S. GAAP and non-GAAP operating results are as follows:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
				(in millions, except percentages and per share data)	
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977	10 %	(5 %)
Operating expenses	\$ 8,301	\$ 7,765	\$ 7,976	7 %	(3 %)
Net income	\$ 12,311	\$ 10,866	\$ 12,080	13 %	(10 %)
Diluted earnings per share	\$ 5.63	\$ 4.89	\$ 5.32	15 %	(8 %)
Non-GAAP operating expenses ⁽²⁾	\$ 8,077	\$ 7,702	\$ 7,596	5 %	1 %
Non-GAAP net income ⁽²⁾	\$ 12,933	\$ 11,193	\$ 12,274	16 %	(9 %)
Non-GAAP diluted earnings per share ⁽²⁾	\$ 5.91	\$ 5.04	\$ 5.40	17 %	(7 %)

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

⁽²⁾ For a full reconciliation of our GAAP to non-GAAP financial results, see tables in *Non-GAAP financial results* below.

Coronavirus. As the effects of an evolving coronavirus ("COVID-19") pandemic continues, much remains uncertain. Our priority remains the safety of our employees, clients and the communities in which we live and operate. We are taking a phased approach to reopening our offices, with most of our employees currently working remotely. We continue to remain in close and regular contact with our employees, clients, partners and governments globally to help them navigate these challenging times.

The ongoing effects of COVID-19 remain difficult to predict due to numerous uncertainties, including the transmissibility, severity, duration and resurgence of the outbreak; new variants of the virus; the uptake and effectiveness of health and safety measures or actions that are voluntarily adopted by the public or required by governments or public health authorities, including vaccines and treatments; the speed and strength of an economic recovery, including the reopening of borders and the resumption of international travel; and the impact to our employees and our operations, the business of our clients, suppliers and business partners; and other factors identified in Part I, Item 1A "Risk Factors" in this Form 10-K. We will continue to evaluate the nature and extent of the impact to our business.

Highlights for fiscal 2021. Net revenues were \$24.1 billion, an increase of 10% over the prior year, primarily due to the year-over-year growth in payments volume, processed transactions and cross-border volume, helped by

fewer COVID-19 restrictions, partially offset by higher client incentives. Exchange rate movements and our hedging program positively impacted our net revenues growth by approximately half a percentage point.

GAAP operating expenses were \$8.3 billion and increased 7% over the prior year, primarily driven by higher personnel and marketing expenses, partially offset by lower general and administrative expenses. Non-GAAP operating expenses were \$8.1 billion and increased 5% over the prior year, primarily driven by higher personnel and marketing expenses, partially offset by lower general and administrative expenses. Exchange rate movements negatively impacted our operating expense growth by approximately half a percentage point.

Non-GAAP financial results. We use non-GAAP financial measures of our performance which exclude certain items which we believe are not representative of our continuing operations, as they may be non-recurring or have no cash impact, and may distort our longer-term operating trends. We consider non-GAAP measures useful to investors because they provide greater transparency into management's view and assessment of our ongoing operating performance.

- *Gains and losses on equity investments.* Gains and losses on equity investments include periodic non-cash fair value adjustments and gains and losses upon sale of an investment. These long-term investments are strategic in nature and are primarily private company investments. Gains and losses and the related tax impacts associated with these investments are tied to the performance of the companies that we invest in and therefore do not correlate to the underlying performance of our business.
- *Amortization of acquired intangible assets.* Amortization of acquired intangible assets consists of amortization of intangible assets such as developed technology, customer relationships and brands acquired in connection with business combinations executed beginning in fiscal 2019. Amortization charges for our acquired intangible assets are non-cash and are significantly affected by the timing, frequency and size of our acquisitions, rather than our core operations. As such, we have excluded this amount and the related tax impact to facilitate an evaluation of our current operating performance and comparison to our past operating performance.
- *Acquisition-related costs.* Acquisition-related costs consist primarily of one-time transaction and integration costs associated with our business combinations. These costs include professional fees, technology integration fees, restructuring activities and other direct costs related to the purchase and integration of acquired entities. It also includes retention equity and deferred equity compensation when they are agreed upon as part of the purchase price of the transaction but are required to be recognized as expense post-combination. We have excluded these amounts and the related tax impacts as the expenses are recognized for a limited duration and do not reflect the underlying performance of our business.
- *Remeasurement of deferred tax balances.* During fiscal 2021, in connection with the UK enacted legislation on June 10, 2021 that increases the tax rate from 19% to 25%, effective April 1, 2023, we remeasured our UK deferred tax liabilities, resulting in the recognition of a non-recurring, non-cash income tax expense of \$1.0 billion.

During fiscal 2020, in connection with the UK enacted legislation that repealed the previous tax rate reduction from 19% to 17% that was effective on April 1, 2020, we remeasured our UK deferred tax liabilities as of the enactment date, resulting in the recognition of a non-recurring, non-cash income tax expense of \$329 million. See Note 19—*Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

- *Indirect taxes.* During fiscal 2021, we recognized a one-time charge within general and administrative expense of \$152 million, before tax. Net of the related income tax benefit of \$40 million, determined by applying applicable tax rates, non-GAAP net income increased by \$112 million. This charge is to record our estimate of probable additional indirect taxes, related to prior periods, for which we could be liable as a result of certain changes in applicable law. This one-time charge is not representative of our ongoing operations.
- *Resolution of a tax item.* During fiscal 2020, we resolved a long-outstanding tax matter, dating back more than 12 years, relating to certain tax filing positions taken prior to our initial public offering. The resolution of this matter resulted in the recognition of a one-time charge to income tax expense of \$28 million, which we believe is not representative of our continuing operations and ongoing effective tax rate.

[Table of Contents](#)

- *Litigation provision.* During fiscal 2019, we recorded a litigation provision of \$370 million and related tax benefits of \$83 million associated with the interchange multidistrict litigation. The tax impact is determined by applying applicable federal and state tax rates to the litigation provision. Under the U.S. retrospective responsibility plan, we recover the monetary liabilities related to the U.S. covered litigation through a reduction to the conversion rate of our class B common stock to shares of class A common stock. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Non-GAAP operating expenses, non-operating income (expense), income tax provision, effective income tax rate, net income and diluted earnings per share should not be relied upon as substitutes for, or considered in isolation from, measures calculated in accordance with U.S. GAAP. The following tables reconcile our as-reported financial measures, calculated in accordance with U.S. GAAP, to our respective non-GAAP financial measures:

	For the Year Ended September 30, 2021					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 8,301	\$ 259	\$ 3,752	23.4 %	\$ 12,311	\$ 5.63
(Gains) losses on equity investments, net	—	(712)	(159)		(553)	(0.25)
Amortization of acquired intangible assets	(51)	—	12		39	0.02
Acquisition-related costs	(21)	—	4		17	0.01
Remeasurement of deferred tax balances	—	—	(1,007)		1,007	0.46
Indirect taxes	(152)	—	40		112	0.05
Non-GAAP	<u>\$ 8,077</u>	<u>\$ (453)</u>	<u>\$ 2,642</u>	17.0 %	<u>\$ 12,933</u>	<u>\$ 5.91</u>

	For the Year Ended September 30, 2020					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 7,765	\$ (291)	\$ 2,924	21.2 %	\$ 10,866	\$ 4.89
(Gains) losses on equity investments, net	—	(101)	(23)		(78)	(0.04)
Amortization of acquired intangible assets	(46)	—	11		35	0.02
Acquisition-related costs	(17)	—	4		13	0.01
Remeasurement of deferred tax balances	—	—	(329)		329	0.15
Resolution of a tax item	—	—	(28)		28	0.01
Non-GAAP	<u>\$ 7,702</u>	<u>\$ (392)</u>	<u>\$ 2,559</u>	18.6 %	<u>\$ 11,193</u>	<u>\$ 5.04</u>

	For the Year Ended September 30, 2019						Diluted Earnings Per Share ⁽¹⁾
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income		
(in millions, except percentages and per share data)							
As reported	\$ 7,976	\$ (117)	\$ 2,804	18.8 %	\$ 12,080	\$ 5.32	
(Gains) losses on equity investments, net	—	(131)	(30)		(101)	(0.04)	
Amortization of acquired intangible assets	(6)	—	1		5	—	
Acquisition-related costs	(4)	—	1		3	—	
Litigation provision	(370)	—	83		287	0.13	
Non-GAAP	<u>\$ 7,596</u>	<u>\$ (248)</u>	<u>\$ 2,859</u>	<u>18.9 %</u>	<u>\$ 12,274</u>	<u>\$ 5.40</u>	

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Effective income tax rate, diluted earnings per share and their respective totals are calculated based on unrounded numbers.

Common stock repurchases. In January 2021, our board of directors authorized an \$8.0 billion share repurchase program (the “January 2021 Program”). During fiscal 2021, we repurchased 40 million shares of our class A common stock in the open market for \$8.7 billion. As of September 30, 2021, our January 2021 Program had remaining authorized funds of \$4.8 billion for share repurchase. See *Note 15—Stockholders’ Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Pending acquisitions. On June 24, 2021, we entered into a definitive agreement to acquire Tink AB (“Tink”) for €1.8 billion, inclusive of cash and retention incentives. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

On July 22, 2021, we entered into a definitive agreement to acquire The Currency Cloud Group Limited (“Currencycloud”). The acquisition values Currencycloud at £700 million, inclusive of cash and retention incentives. The financial consideration will be reduced by the outstanding equity of Currencycloud that we already own. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

Terminated acquisition. On January 12, 2021, Visa and Plaid Inc. mutually terminated their merger agreement announced on January 13, 2020. See *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Payments volume and processed transactions. Payments volume is the primary driver for our service revenues, and the number of processed transactions is the primary driver for our data processing revenues.

Payments volume represents the aggregate dollar amount of purchases made with cards and other form factors carrying the Visa, Visa Electron, V PAY and Interlink brands and excludes Europe co-badged volume. Nominal payments volume is denominated in U.S. dollars and is calculated each quarter by applying an established U.S. dollar/local currency exchange rate for each local currency in which our volumes are reported. Processed transactions represent transactions using cards and other form factors carrying the Visa, Visa Electron, V PAY, Interlink and PLUS brands processed on Visa’s networks.

[Table of Contents](#)

The following tables present nominal payments and cash volume:

	U.S.			International			Visa Inc.		
	12 months ended June 30, ⁽¹⁾		% Change ⁽²⁾	12 months ended June 30, ⁽¹⁾		% Change ⁽²⁾	12 months ended June 30, ⁽¹⁾		% Change ⁽²⁾
	2021	2020		2021	2020		2021	2020	
(in billions, except percentages)									
Nominal payments volume									
Consumer credit	\$ 1,641	\$ 1,518	8 %	\$ 2,396	\$ 2,362	1 %	\$ 4,036	\$ 3,880	4 %
Consumer debit ⁽³⁾	2,387	1,848	29 %	2,440	1,975	24 %	4,828	3,824	26 %
Commercial ⁽⁴⁾	697	641	9 %	406	370	10 %	1,103	1,011	9 %
Total nominal payments volume⁽²⁾	\$ 4,725	\$ 4,007	18 %	\$ 5,243	\$ 4,707	11 %	\$ 9,968	\$ 8,714	14 %
Cash volume ⁽⁵⁾	635	573	11 %	1,927	2,045	(6 %)	2,561	2,619	(2 %)
Total nominal volume^{(2),(6)}	\$ 5,359	\$ 4,580	17 %	\$ 7,169	\$ 6,753	6 %	\$ 12,529	\$ 11,333	11 %
(in billions, except percentages)									
(in billions, except percentages)									
Nominal payments volume									
Consumer credit	\$ 1,518	\$ 1,540	(1 %)	\$ 2,362	\$ 2,484	(5 %)	\$ 3,880	\$ 4,024	(4 %)
Consumer debit ⁽³⁾	1,848	1,699	9 %	1,975	1,878	5 %	3,824	3,577	7 %
Commercial ⁽⁴⁾	641	634	1 %	370	381	(3 %)	1,011	1,015	— %
Total nominal payments volume⁽²⁾	\$ 4,007	\$ 3,873	3 %	\$ 4,707	\$ 4,743	(1 %)	\$ 8,714	\$ 8,616	1 %
Cash volume ⁽⁵⁾	573	573	— %	2,045	2,262	(10 %)	2,619	2,835	(8 %)
Total nominal volume^{(2),(6)}	\$ 4,580	\$ 4,447	3 %	\$ 6,753	\$ 7,005	(4 %)	\$ 11,333	\$ 11,451	(1 %)

The following table presents the change in nominal and constant payments and cash volume:

	International				Visa Inc.			
	12 months ended June 30, 2021 vs 2020 ^{(1),(2)}		12 months ended June 30, 2020 vs 2019 ^{(1),(2)}		12 months ended June 30, 2021 vs 2020 ^{(1),(2)}		12 months ended June 30, 2020 vs 2019 ^{(1),(2)}	
	Nominal	Constant ⁽⁷⁾						
Payments volume growth								
Consumer credit growth	1 %	(1 %)	(5 %)	(3 %)	4 %	3 %	(4 %)	(2 %)
Consumer debit growth ⁽³⁾	24 %	21 %	5 %	8 %	26 %	25 %	7 %	8 %
Commercial growth ⁽⁴⁾	10 %	7 %	(3 %)	— %	9 %	8 %	— %	1 %
Total payments volume growth	11 %	9 %	(1 %)	2 %	14 %	13 %	1 %	2 %
Cash volume growth ⁽⁵⁾	(6 %)	(3 %)	(10 %)	(7 %)	(2 %)	— %	(8 %)	(5 %)
Total volume growth	6 %	5 %	(4 %)	(1 %)	11 %	10 %	(1 %)	1 %

(1) Service revenues in a given quarter are assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the 12 months ended September 30, 2021, 2020 and 2019, were based on nominal payments volume reported by our financial institution clients for the 12 months ended June 30, 2021, 2020 and 2019, respectively. On occasion, previously presented volume information may be updated. Prior period updates are not material.

(2) Figures in the tables may not recalculate exactly due to rounding. Percentage changes and totals are calculated based on unrounded numbers.

(3) Includes consumer prepaid volume and Interlink volume.

(4) Includes large, medium and small business credit and debit, as well as commercial prepaid volume.

(5) Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks.

(6) Total nominal volume is the sum of total nominal payments volume and cash volume. Total nominal volume is provided by our financial institution clients, subject to review by Visa.

(7) Growth on a constant-dollar basis excludes the impact of foreign currency fluctuations against the U.S. dollar.

The following table provides the number of processed transactions:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
				(in millions, except percentages)	
Visa processed transactions	164,733	140,839	138,329	17 %	2 %

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers. On occasion, previously presented information may be updated. Prior period updates are not material.

Results of Operations

Net Revenues

Our net revenues are primarily generated from payments volume on Visa products for purchased goods and services, as well as the number of transactions processed on our network. See Note 1—Summary of Significant Accounting Policies to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data of this report for further discussion on the components of our net revenues.

The following table presents our net revenues earned in the U.S. and internationally:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
				(in millions, except percentages)	
U.S.	\$ 11,160	\$ 10,125	\$ 10,279	10 %	(1 %)
International	12,945	11,721	12,698	10 %	(8 %)
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977	10 %	(5 %)

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

Net revenues increased in fiscal 2021 primarily due to the year-over-year growth in payments volume, processed transactions and cross-border volume, helped by fewer COVID-19 restrictions, partially offset by higher client incentives.

Our net revenues are impacted by the overall strengthening or weakening of the U.S. dollar as payments volume and related revenues denominated in local currencies are converted to U.S. dollars. In fiscal 2021, exchange rate movements and our hedging program positively impacted our net revenues growth by approximately half a percentage point.

The following table presents the components of our net revenues:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
				(in millions, except percentages)	
Service revenues	\$ 11,475	\$ 9,804	\$ 9,700	17 %	1 %
Data processing revenues	12,792	10,975	10,333	17 %	6 %
International transaction revenues	6,530	6,299	7,804	4 %	(19 %)
Other revenues	1,675	1,432	1,313	17 %	9 %
Client incentives	(8,367)	(6,664)	(6,173)	26 %	8 %
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977	10 %	(5 %)

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

- *Service revenues* increased primarily due to 14% growth in nominal payments volume. Service revenues were also impacted by select pricing modifications and business mix.
- *Data processing revenues* increased due to 17% growth in processed transactions, as the business laps the initial impacts of COVID-19 starting in March 2020.
- *International transaction revenues* increased primarily due to growth in nominal cross-border volumes, excluding transactions within Europe, of 4%, as the business laps the initial impacts of COVID-19 starting in March 2020 and border restrictions were relaxed in various markets.
- *Other revenues* increased as the business laps the initial impacts of COVID-19 starting in March 2020, driven by higher consulting and data services revenues.
- *Client incentives* increased in conjunction with the increase in payments volume during fiscal 2021. The amount of client incentives we record in future periods will vary based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Operating Expenses

Our operating expenses consist of the following:

- *Personnel expenses* include salaries, employee benefits, incentive compensation, share-based compensation, contractor expense and severance charges.
- *Marketing expenses* include expenses associated with advertising and marketing campaigns, sponsorships and other related promotions of the Visa brand.
- *Network and processing expenses* mainly represent expenses for the operation of our processing network, including maintenance, equipment rental and fees for other data processing services.
- *Professional fees* mainly consist of fees for consulting, legal and other professional services.
- *Depreciation and amortization expenses* include amortization of purchased and internally developed software, as well as depreciation expense for property and equipment. Also included in this amount is amortization of finite-lived intangible assets primarily obtained through acquisitions.
- *General and administrative expenses* consist mainly of card benefits, indirect taxes, facilities costs, travel and meeting costs, foreign exchange gains and losses and other corporate expenses incurred in support of our business.
- *Litigation provision* represents litigation expenses and is based on management's understanding of our litigation profile, the specifics of the cases, advice of counsel to the extent appropriate and management's best estimate of incurred loss.

The following table presents the components of our total operating expenses:

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
	(in millions, except percentages)				
Personnel	\$ 4,240	\$ 3,785	\$ 3,444	12 %	10 %
Marketing	1,136	971	1,105	17 %	(12 %)
Network and processing	730	727	721	— %	1 %
Professional fees	403	408	454	(1 %)	(10 %)
Depreciation and amortization	804	767	656	5 %	17 %
General and administrative	985	1,096	1,196	(10 %)	(8 %)
Litigation provision	3	11	400	(76 %)	(97 %)
Total operating expenses⁽²⁾	\$ 8,301	\$ 7,765	\$ 7,976	7 %	(3 %)

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

⁽²⁾ Operating expenses for fiscal 2021 and 2019 include significant items that we do not believe are indicative of our operating performance. See Overview within this *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations*.

- *Personnel expenses* increased primarily due to higher headcount and incentive compensation, reflecting our strategy to invest in future growth.
- *Marketing expenses* increased as we lapped reductions in spending in the prior year at the outset of COVID-19 as well as higher spending in client marketing and various campaigns, including the Olympic Games Tokyo 2020, which were held in Summer 2021.
- *General and administrative expenses* decreased due to lower travel expenses, favorable foreign currency fluctuations and lower usage of travel related card benefits, partially offset by a one-time charge to record our estimate of probable additional indirect taxes, related to prior periods, for which we could be liable as a result of certain changes in applicable laws.

Non-operating Income (Expense)

Non-operating income (expense) primarily includes interest expense, gains and losses earned on investments, income from derivative instruments not associated with our core business, as well as the non-service components of net periodic pension income and expense.

The following table presents the components of our non-operating income (expense):

	For the Years Ended September 30,			% Change ⁽¹⁾	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
	(in millions, except percentages)				
Interest expense, net	\$ (513)	\$ (516)	\$ (533)	(1 %)	(3 %)
Investment income and other	772	225	416	243 %	(46 %)
Total non-operating income (expense)	\$ 259	\$ (291)	\$ (117)	(189 %)	148 %

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

- *Interest expense, net* decreased primarily as a result of lower interest related to income tax liabilities, partially offset by an increase in interest expense due to the issuance of debt in fiscal 2020. See Note 10—Debt to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.
- *Investment income and other* increased primarily due to higher gains from our equity investments, partially offset by lower interest income on our cash and investments. See Note 6—Fair Value Measurements and Investments to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Effective Income Tax Rate

The following table presents our effective income tax rates:

	For the Years Ended September 30,		
	2021	2020	2019
Effective income tax rate	23 %	21 %	19 %

The effective tax rate in fiscal 2021 differs from the effective tax rate in fiscal 2020 mainly due to the following:

- during fiscal 2021, a \$1.0 billion non-recurring non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed below;
- during fiscal 2021, \$255 million of tax benefits recognized as a result of the conclusion of audits by taxing authorities; and
- during fiscal 2020, a \$329 million non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed below.

On June 10, 2021, the UK enacted legislation that increases the tax rate from 19% to 25%, effective April 1, 2023. On July 22, 2020, the UK enacted legislation that repealed the previous tax rate reduction from 19% to 17% that was effective on April 1, 2020. As a result, in fiscal 2021 and fiscal 2020, we recorded non-recurring, non-cash tax expense related to the remeasurement of our UK deferred tax liabilities, primarily related to intangibles recorded upon the acquisition of Visa Europe Limited ("Visa Europe") in fiscal 2016.

Liquidity and Capital Resources

Management of Our Liquidity

We regularly evaluate cash requirements for current operations, commitments, development activities and capital expenditures, and we may elect to raise additional funds for these purposes in the future through the issuance of either debt or equity. Our treasury policies provide management with the guidelines and authority to manage liquidity risk in a manner consistent with our corporate objectives.

The objectives of our treasury policies are to:

- provide adequate liquidity to cover operating expenditures and liquidity contingency scenarios;
- ensure timely completion of payments settlement activities;
- ensure payments on required litigation settlements;
- make planned capital investments in our business;
- pay dividends and repurchase our shares at the discretion of our board of directors; and
- invest excess cash in securities that enable us to first meet our working capital and liquidity needs, and earn additional income.

Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we believe that our current and projected sources of liquidity will be sufficient to meet our projected liquidity needs for more than the next 12 months. We will continue to assess our liquidity position and potential sources of supplemental liquidity in view of our operating performance, current economic and capital market conditions and other relevant circumstances.

Cash Flow Data

The following table summarizes our cash flow activity for the fiscal years presented:

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
Total cash provided by (used in):			
Operating activities	\$ 15,227	\$ 10,440	\$ 12,784
Investing activities	(152)	1,427	(591)
Financing activities	(14,410)	(3,968)	(12,061)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(37)	440	(277)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 628	\$ 8,339	\$ (145)

Operating activities. Cash provided by operating activities in fiscal 2021 was higher than the prior fiscal year primarily due to growth in our underlying business, lower client incentive payments and timing and impact of COVID-19 on settlement in the prior fiscal year.

Investing activities. Cash was used in investing activities in fiscal 2021 compared to cash provided by investing activities in fiscal 2020, primarily due to higher purchases, net of proceeds from sales and maturities of investment securities.

Financing activities. Cash used in financing activities in fiscal 2021 was higher than the prior fiscal year primarily due to the absence of proceeds received from the issuance of senior notes in the prior year, the \$3.0 billion principal debt payment upon maturity of our senior notes and higher share repurchases. See Note 10—Debt and Note 15—Stockholders' Equity, to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data of this report.

Sources of Liquidity

Our primary sources of liquidity are cash on hand, cash flow from our operations, our investment portfolio and access to various equity and borrowing arrangements. Funds from operations are maintained in cash and cash equivalents and short-term or long-term investment securities based upon our funding requirements, access to liquidity from these holdings and the return that these holdings provide.

Cash, cash equivalents and investments. As of September 30, 2021, our cash and cash equivalents balance were \$16.5 billion and our available-for-sale debt securities were \$3.2 billion. Our investment portfolio is designed to invest cash in securities which enables us to meet our working capital and liquidity needs. Our investment portfolio consists of debt securities issued by the U.S. Treasury or U.S. government-sponsored agencies. \$1.5 billion of the investments are classified as current and are available to meet short-term liquidity needs. The remaining non-current investments have stated maturities of more than one year from the balance sheet date; however, they are also generally available to meet short-term liquidity needs.

Factors that may impact the liquidity of our investment portfolio include, but are not limited to, changes to credit ratings of the securities, uncertainty related to regulatory developments, actions by central banks and other monetary authorities and the ongoing strength and quality of credit markets. We will continue to review our portfolio in light of evolving market and economic conditions. However, if current market conditions deteriorate, the liquidity of our investment portfolio may be impacted and we could determine that some of our investments are impaired, which could adversely impact our financial results. We have policies that limit the amount of credit exposure to any one financial institution or type of investment.

Commercial paper program. We maintain a commercial paper program to support our working capital requirements and for other general corporate purposes. Under the program, we are authorized to issue up to \$3.0 billion in outstanding notes, with maturities up to 397 days from the date of issuance. At September 30, 2021, we had no outstanding obligations under the program. See Note 10—Debt to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data of this report.

Credit facility. We have an unsecured \$5.0 billion revolving credit facility (the “Credit Facility”) which expires on July 25, 2024. As of September 30, 2021, there were no borrowings under the Credit Facility. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

U.S. Litigation escrow account. Pursuant to the terms of the U.S. retrospective responsibility plan, which was created to insulate Visa and our class A common shareholders from financial liability for certain litigation cases, we maintain a U.S. litigation escrow account from which monetary liabilities from settlements of, or judgments in, the U.S. covered litigation will be payable. As these funds are restricted for the sole purpose of making payments related to the U.S. covered litigation matters, we do not rely on them for other operational needs. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Credit Ratings

Various factors affect our credit ratings, including changes in our operating performance, the economic environment, conditions in the electronic payments industry, our financial position and changes in our business strategy. Our credit ratings are published by nationally recognized statistical rating organizations in the U.S. and have not changed from the prior-year comparable period. We do not currently foresee any reasonable circumstances under which our credit ratings would be significantly downgraded. If a downgrade were to occur, it could adversely impact, among other things, our future borrowing costs and access to capital markets.

Uses of Liquidity

Payments settlement. Payments settlement due to and from our financial institution clients can represent a substantial daily liquidity requirement. Most U.S. dollar settlements are settled within the same day and do not result in a receivable or payable balance, while settlements in currencies other than the U.S. dollar generally remain outstanding for one to two business days, which is consistent with industry practice for such transactions. In general, during fiscal 2021, we were not required to fund settlement-related working capital. At September 30, 2021, we held \$9.1 billion of our total available liquidity to fund daily settlement in the event one or more of our financial institution clients are unable to settle, with the remaining liquidity available to support our working capital and other liquidity needs. See *Note 12—Settlement Guarantee Management* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Litigation. Judgments in and settlements of litigation or other fines imposed in investigations and proceedings, other than the U.S. covered litigation and VE territory covered litigation, which are covered by the U.S. and Europe retrospective responsibility plans, could give rise to future liquidity needs. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Common stock repurchases. During fiscal 2021, we repurchased 40 million shares of our class A common stock in the open market for \$8.7 billion. As of September 30, 2021, our January 2021 Program had remaining authorized funds of \$4.8 billion. See *Note 15—Stockholders’ Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Dividends. During fiscal 2021, we declared and paid \$2.8 billion in dividends at a quarterly rate of \$0.32 per share. On October 22, 2021, our board of directors declared a quarterly cash dividend of \$0.375 per share of class A common stock (determined in the case of class B and C common stock and series A, B and C convertible participating preferred stock on an as-converted basis). We expect to pay approximately \$812 million in connection with this dividend on December 7, 2021. See *Note 15—Stockholders’ Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report. We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. All preferred and class B and C common stock will share ratably on an as-converted basis in such future dividends.

Capital expenditures. During fiscal 2021, our capital expenditures decreased slightly. We expect to continue investing in technology assets and payments system infrastructure to support our digital solutions and core business initiatives.

Senior notes. As of September 30, 2021, we had an outstanding aggregate principal amount relating to our fixed-rate senior notes of \$21.0 billion with maturity dates ranging from September 2022 to August 2050. During fiscal 2021, we repaid \$3.0 billion of principal upon maturity of our senior notes. A principal payment of \$1.0 billion is

due on September 14, 2022 on our fixed-rate senior notes issued in December 2015, for which we have sufficient liquidity. In August 2020, we issued a \$500 million green bond as part of our commitment to sustainable living and a sustainable payments ecosystem. In fiscal 2021, we allocated \$165 million to eligible green projects. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Client incentives. As the future cash payments for these agreements, which range in terms from less than one to fifteen years, are based on specific performance requirements, the timing of payments can vary. As of September 30, 2021, we had \$5.4 billion of client incentives liability recorded on the consolidated balance sheet related to these agreements. See *Note 1—Summary of Significant Accounting Policies* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Uncertain tax positions. As of September 30, 2021, we had liabilities for uncertain tax positions of \$1.8 billion for which we cannot determine the range and timing of the cash payments. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Pending acquisitions. On June 24, 2021, we entered into a definitive agreement to acquire Tink for €1.8 billion, inclusive of cash and retention incentives. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

On July 22, 2021, we entered into a definitive agreement to acquire Currencycloud for a value of £700 million, inclusive of cash and retention incentives. The financial consideration will be reduced by the outstanding equity of Currencycloud that we already own. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals. See *Note 2—Acquisitions* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Other uses of cash. The following table represents material, expected or contractually committed future obligations as of September 30, 2021. We believe that we will be able to fund these obligations through cash generated from our operations and available credit facility.

	Payments Due by Period					Total
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years		
	(in millions)					
Purchase obligations ⁽¹⁾	\$ 1,730	\$ 685	\$ 384	\$ 569	\$ 3,368	
Leases not yet commenced ⁽²⁾	1	41	58	367	467	
Transition tax ⁽³⁾	87	249	455	—	791	
Total	\$ 1,818	\$ 975	\$ 897	\$ 936	\$ 4,626	

⁽¹⁾ Represents agreements to purchase goods and services that specify significant terms, including: fixed or minimum quantities to be purchased, minimum or variable price provisions, and the approximate timing of the transaction. For obligations where the individual years of spend are not specified in the contract, we have estimated the timing of when these amounts will be spent.

⁽²⁾ Represents future payments under leases that have not yet commenced and are not included in the consolidated balance sheet. For future lease payments related to leases that have commenced and are included in the consolidated balance sheet, see *Note 9—Leases* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

⁽³⁾ Amounts presented relate to the estimated transition tax, net of foreign tax credit carryovers, on certain foreign earnings of non-U.S. subsidiaries recognized during fiscal 2018 in connection with the Tax Cuts and Jobs Act.

Indemnifications

We indemnify our financial institution clients for settlement losses suffered due to the failure of any other client to fund its settlement obligations in accordance with our operating rules. The amount of the indemnification is limited to the amount of unsettled Visa payment transactions at any point in time. We maintain and regularly review global settlement risk policies and procedures to manage settlement risk, which may require clients to post collateral if certain credit standards are not met. See *Note 1—Summary of Significant Accounting Policies* and *Note 12—Settlement Guarantee Management* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Accounting Pronouncements Not Yet Adopted

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Board Update (“ASU”) 2019-12, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance and making other minor improvements. The amendments in the ASU are effective on October 1, 2021. The adoption is not expected to have a material impact on our consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, which clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the fair value measurement alternative. The amendments in the ASU are effective on October 1, 2021. The adoption is not expected to have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate or another reference rate expected to be discontinued because of reference rate reform. Subsequently, the FASB also issued an amendment to this standard. The amendments in the ASU are effective upon issuance through December 31, 2022. We are evaluating the effect ASU 2020-04 and its subsequent amendment will have on our consolidated financial statements. The adoption is not expected to have a material impact on our consolidated financial statements.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require us to make judgments, assumptions and estimates that affect the amounts reported. See *Note 1—Summary of Significant Accounting Policies* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report. We have established policies and control procedures which seek to ensure that estimates and assumptions are appropriately governed and applied consistently from period to period. However, actual results could differ from our assumptions and estimates, and such differences could be material.

We believe that the following accounting estimates are the most critical to fully understand and evaluate our reported financial results, as they require our most subjective or complex management judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain and unpredictable.

Revenue Recognition—Client Incentives

Critical estimates. We enter into long-term incentive agreements with financial institution clients, merchants and other business partners for various programs that provide cash and other incentives designed to increase revenue by growing payments volume, increasing Visa product acceptance, winning merchant routing transactions over to our network and driving innovation. These incentives are primarily accounted for as reductions to net revenues; however, if a separate identifiable benefit at fair value can be established, they are accounted for as operating expenses. Incentives are recognized systematically and rationally based on management’s estimate of each client’s performance. These estimates are regularly reviewed and adjusted as appropriate based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Assumptions and judgment. Estimation of client incentives relies on forecasts of payments and transaction volume, card issuance and card conversion. Performance is estimated using client-reported information, transactional information accumulated from our systems, historical information, market and economic conditions and discussions with our clients, merchants and business partners.

Impact if actual results differ from assumptions. If actual performance is not consistent with our estimates, client incentives may be materially different than initially recorded. Increases in incentive payments are generally driven by increased payments and transaction volume, which drive our net revenues. As a result, in the event incentive payments exceed estimates, such payments are not expected to have a material effect on our financial condition, results of operations or cash flows. The cumulative impact of a revision in estimates is recorded in the period such revisions become probable and estimable. For the year ended September 30, 2021, client incentives represented 26% of gross revenues.

Legal and Regulatory Matters

Critical estimates. We are currently involved in various legal proceedings, the outcomes of which are not within our complete control or may not be known for prolonged periods of time. Management is required to assess the probability of loss and estimate the amount of such loss, if any, in preparing our consolidated financial statements.

Assumptions and judgment. We evaluate the likelihood of a potential loss from legal or regulatory proceedings to which we are a party. We record a liability for such claims when a loss is deemed probable and the amount can be reasonably estimated. Significant judgment may be required in the determination of both probability and whether a potential loss is reasonably estimable. Our judgments are subjective based on management's understanding of the litigation profile, the specifics of each case, our history with similar proceedings, advice of in-house and outside legal counsel to the extent appropriate and management's best estimate of incurred loss. As additional information becomes available, we reassess the potential loss related to pending claims and may revise our estimates.

We have entered into loss sharing agreements that reduce our potential liability under certain litigation. However, our U.S. retrospective responsibility plan only addresses monetary liabilities from settlements of, or final judgments in, the U.S. covered litigation. The plan's mechanisms include the use of the U.S. litigation escrow account. The accrual related to the U.S. covered litigation could be either higher or lower than the U.S. litigation escrow account balance. Our Europe retrospective responsibility plan only covers Visa Europe territory covered litigation (and resultant liabilities and losses) relating to the covered period, subject to certain limitations, and does not cover any fines or penalties incurred in the European Commission proceedings or any other matter. See Note 5—U.S. and Europe Retrospective Responsibility Plans and Note 20—Legal Matters to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data.

Impact if actual results differ from assumptions. Due to the inherent uncertainties of the legal and regulatory processes in the multiple jurisdictions in which we operate, our judgments may be materially different than the actual outcomes, which could have material adverse effects on our business, financial conditions and results of operations. See Note 20—Legal Matters to our consolidated financial statements included in Item 8—Financial Statements and Supplementary Data.

Income Taxes

Critical estimates. In calculating our effective income tax rate, we make judgments regarding certain tax positions, including the timing and amount of deductions and allocations of income among various tax jurisdictions.

Assumptions and judgment. We have various tax filing positions with regard to the timing and amount of deductions and credits and the allocation of income among various tax jurisdictions, based on our interpretation of local tax laws. We also inventory, evaluate and measure all uncertain tax positions taken or expected to be taken on tax returns and to record liabilities for the amount of such positions that may not be sustained, or may only be partially sustained, upon examination by the relevant taxing authorities.

Impact if actual results differ from assumptions. Although we believe that our estimates and judgments are reasonable, actual results may differ from these estimates. Some or all of these judgments are subject to review by the taxing authorities. If one or more of the taxing authorities were to successfully challenge our right to realize some or all of the tax benefit we have recorded, and we were unable to realize this benefit, it could have a material adverse effect on our financial results and cash flows.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential economic loss arising from adverse changes in market factors. Our exposure to financial market risks results primarily from fluctuations in foreign currency exchange rates, interest rates and equity prices. Aggregate risk exposures are monitored on an ongoing basis.

Foreign Currency Exchange Rate Risk

We are exposed to risks from foreign currency exchange rate fluctuations that are primarily related to changes in the functional currency value of revenues generated from foreign currency-denominated transactions and changes in the functional currency value of payments in foreign currencies. We manage these risks by entering into foreign currency forward contracts that hedge exposures of the variability in the functional currency equivalent of anticipated non-functional currency denominated cash flows. Our foreign currency exchange rate risk management program reduces, but does not entirely eliminate, the impact of foreign currency exchange rate movements.

At September 30, 2021 and 2020, the aggregate notional amounts of our foreign currency forward contracts outstanding in our exchange rate risk management program, including contracts not designated for cash flow hedge accounting, were \$2.7 billion and \$3.9 billion, respectively. The aggregate notional amount outstanding at September 30, 2021 is fully consistent with our strategy and treasury policy aimed at reducing foreign exchange risk below a predetermined and approved threshold. However, actual results could materially differ from our forecast. At September 30, 2021, the effect of a hypothetical 10% weakening in the value of the functional currencies is estimated to create an additional fair value loss of approximately \$190 million on our outstanding foreign currency forward contracts. The loss from this hypothetical weakening would be largely offset by a corresponding gain on our cash flows from foreign currency-denominated revenues and payments. See *Note 1—Summary of Significant Accounting Policies* and *Note 13—Derivative Financial Instruments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

We are further exposed to foreign currency exchange rate risk related to translation as the functional currency of Visa Europe is the Euro. Translation from the Euro to the U.S. dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets. A hypothetical 10% change in the Euro against the U.S. dollar compared to the exchange rate at September 30, 2021 would result in a foreign currency translation adjustment of \$2.0 billion. See *Note 1—Summary of Significant Accounting Policies* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

We are also subject to foreign currency exchange risk in daily settlement activities. This risk arises from the timing of rate setting for settlement with clients relative to the timing of market trades for balancing currency positions. Risk in settlement activities is limited through daily operating procedures, including the utilization of Visa settlement systems and our interaction with foreign exchange trading counterparties.

Interest Rate Risk

Our investment portfolio assets are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income.

At September 30, 2021 and 2020, the fair value of our fixed-rate investment securities were \$5.5 billion and \$4.0 billion, respectively, and the fair value of our adjustable-rate investment securities were \$0.2 billion and \$2.0 billion, respectively. At September 30, 2021, a hypothetical 100 basis point increase in interest rates would create an estimated decrease in the fair value of our investment securities of approximately \$40 million. Any realized gains or losses resulting from such interest rate changes would only occur if we sold the investments prior to maturity. Historically, we have been able to hold investments until maturity.

We have interest rate and cross-currency swap agreements on a portion of our outstanding senior notes that allow us to manage our interest rate exposure through a combination of fixed and floating rates and reduce our overall cost of borrowing. Together these swap agreements effectively convert a portion of our U.S. dollar denominated fixed-rate payments into U.S. dollar and Euro denominated floating-rate payments. By entering into interest rate swaps, we have assumed risks associated with market interest rate fluctuations. A hypothetical 100 basis point increase in interest rates would have resulted in an increase of approximately \$40 million in annual interest expense. See *Note 13—Derivative Financial Instruments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Equity Investment Risk

As of September 30, 2021 and 2020, the carrying value of our non-marketable equity securities was \$1.5 billion and \$1.0 billion, respectively. These investments are subject to a wide variety of market-related risks that could substantially reduce or increase the carrying value of our holdings. A decline in financial condition or operating results of these investments could result in a loss of all or a substantial part of our carrying value in these companies. We regularly review our non-marketable equity securities for possible impairment, which generally involves an analysis of the facts and changes in circumstances influencing the investment, expectations of the entity's cash flows and capital needs, and the viability of its business model.

Pension Plan Risk

At September 30, 2021 and 2020, our U.S. defined benefit pension plan assets were \$1.3 billion and \$1.1 billion, respectively, and projected benefit obligations were \$0.9 billion at each year end. A material adverse decline in the value of pension plan assets and/or in the discount rate for benefit obligations would result in a decrease in the funded status of the pension plans, an increase in pension cost and an increase in required funding. As of September 30, 2021, a hypothetical 10% decrease in the value of pension plan assets and a 1% decrease in the discount rate would result in an aggregate decrease of approximately \$225 million in the funded status and an increase of approximately \$26 million in pension cost.

At September 30, 2021 and 2020, our non-U.S. defined benefit pension plan assets were \$0.5 billion at each year end, and projected benefit obligations were \$0.5 billion and \$0.6 billion, respectively. A material adverse decline in the value of pension plan assets and/or in the discount rate for benefit obligations would result in a decrease in the funded status of the pension plans, an increase in pension cost and an increase in required funding. As of September 30, 2021, a hypothetical 10% decrease in the value of pension plan assets and a 1% decrease in the discount rate would result in an aggregate decrease of approximately \$166 million in the funded status and an increase of approximately \$16 million in pension cost.

We will continue to monitor the performance of pension plan assets and market conditions as we evaluate the amount of our contribution to the pension plans for fiscal 2022, if any, which would be made in September 2022.

ITEM 8. Financial Statements and Supplementary Data

VISA INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2021 and 2020 and for the years ended September 30, 2021, 2020 and 2019

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	50
Consolidated Balance Sheets	53
Consolidated Statements of Operations	54
Consolidated Statements of Comprehensive Income	55
Consolidated Statements of Changes in Equity	56
Consolidated Statements of Cash Flows	59
Notes to the Consolidated Financial Statements	60

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Visa Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Visa Inc. and subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Report of Independent Registered Public Accounting Firm—(Continued)

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the accrued litigation liability for class members opting out of the Damages Class settlement in the Interchange Multidistrict Litigation (MDL)

As discussed in Notes 5 and 20 to the consolidated financial statements, the Company is involved in various legal proceedings including the *Interchange Multidistrict Litigation (MDL) – Individual Merchant Actions*, and has recorded an accrued litigation liability of \$881 million as of September 30, 2021. In preparing its consolidated financial statements, the Company is required to assess the probability of loss associated with each legal proceeding and amount of such loss, if any. The outcome of legal proceedings to which the Company is a party is not within the complete control of the Company or may not be known for prolonged periods of time.

We identified the assessment of the accrued liability for class members opting out of the Damages Class settlement, also known as the *MDL – Individual Merchant Actions*, as a critical audit matter. This proceeding involves complex claims that are subject to substantial uncertainties and unascertainable damages. The assessment of the accrued litigation liability for the *MDL – Individual Merchant Actions* required especially challenging auditor judgment due to the assumptions and estimation associated with the consideration and evaluation of possible outcomes. Changes to the outcome could have a significant effect on the estimated amount of the liability.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's litigation accrual process for the *MDL – Individual Merchant Actions*. We assessed the amounts accrued by reading letters received directly from the Company's external legal counsel and in-house legal counsel that discussed the Company's legal matters, including the *MDL – Individual Merchant Actions*. We considered relevant publicly available information, such as published news articles about the Company and its legal matters, including the *MDL – Individual Merchant Actions*. We evaluated the Company's ability to estimate its monetary exposure by comparing historically recorded liabilities to actual monetary amounts incurred upon resolution of legal matters for merchants that opted out of the previous MDL class settlement. To assess the estimated monetary exposure in the Company's analysis, we compared such amounts to the complete population of amounts attributable to opt-out merchants. We also performed sensitivity analysis over the Company's monetary exposure calculations.

[Table of Contents](#)

Report of Independent Registered Public Accounting Firm—(Continued)

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

Santa Clara, California
November 18, 2021

[Table of Contents](#)

VISA INC.
CONSOLIDATED BALANCE SHEETS

	September 30,		
	2021	2020	
	(in millions, except per share data)		
Assets			
Cash and cash equivalents	\$ 16,487	\$ 16,289	
Restricted cash equivalents—U.S. litigation escrow	894	901	
Investment securities	2,025	3,752	
Settlement receivable	1,758	1,264	
Accounts receivable	1,968	1,618	
Customer collateral	2,260	1,850	
Current portion of client incentives	1,359	1,214	
Prepaid expenses and other current assets	856	757	
Total current assets	<u>27,607</u>	<u>27,645</u>	
Investment securities	1,705	231	
Client incentives	3,245	3,175	
Property, equipment and technology, net	2,715	2,737	
Goodwill	15,958	15,910	
Intangible assets, net	27,664	27,808	
Other assets	4,002	3,413	
Total assets	<u>\$ 82,896</u>	<u>\$ 80,919</u>	
Liabilities			
Accounts payable	\$ 266	\$ 174	
Settlement payable	2,443	1,736	
Customer collateral	2,260	1,850	
Accrued compensation and benefits	1,211	821	
Client incentives	5,243	4,176	
Accrued liabilities	2,334	1,840	
Current maturities of debt	999	2,999	
Accrued litigation	983	914	
Total current liabilities	<u>15,739</u>	<u>14,510</u>	
Long-term debt	19,978	21,071	
Deferred tax liabilities	6,128	5,237	
Other liabilities	3,462	3,891	
Total liabilities	<u>45,307</u>	<u>44,709</u>	
Commitments and contingencies (Note 18)			
Equity			
Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:			
Series A convertible participating preferred stock, less than one shares issued and outstanding at September 30, 2021 and 2020 (the "series A preferred stock")	486	2,437	
Series B convertible participating preferred stock, 2 shares issued and outstanding at September 30, 2021 and 2020 (the "series B preferred stock")	1,071	1,106	
Series C convertible participating preferred stock, 3 shares issued and outstanding at September 30, 2021 and 2020 (the "series C preferred stock")	1,523	1,543	
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,677 and 1,683 shares issued and outstanding at September 30, 2021 and 2020, respectively	—	—	
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at September 30, 2021 and 2020	—	—	
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 10 and 11 shares issued and outstanding at September 30, 2021 and 2020, respectively	—	—	
Right to recover for covered losses	(133)	(39)	
Additional paid-in capital	18,855	16,721	
Accumulated income	15,351	14,088	
Accumulated other comprehensive income (loss), net:			
Investment securities	(1)	3	
Defined benefit pension and other postretirement plans	(49)	(196)	
Derivative instruments	(257)	(291)	
Foreign currency translation adjustments	743	838	
Total accumulated other comprehensive income (loss), net	<u>436</u>	<u>354</u>	
Total equity	<u>37,589</u>	<u>36,210</u>	
Total liabilities and equity	<u>\$ 82,896</u>	<u>\$ 80,919</u>	

See accompanying notes, which are an integral part of these consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended September 30,		
	2021	2020	2019
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977
Operating Expenses			
Personnel	4,240	3,785	3,444
Marketing	1,136	971	1,105
Network and processing	730	727	721
Professional fees	403	408	454
Depreciation and amortization	804	767	656
General and administrative	985	1,096	1,196
Litigation provision	3	11	400
Total operating expenses	8,301	7,765	7,976
Operating income	15,804	14,081	15,001
Non-operating Income (Expense)			
Interest expense, net	(513)	(516)	(533)
Investment income and other	772	225	416
Total non-operating income (expense)	259	(291)	(117)
Income before income taxes	16,063	13,790	14,884
Income tax provision	3,752	2,924	2,804
Net income	\$ 12,311	\$ 10,866	\$ 12,080
Basic Earnings Per Share			
Class A common stock	\$ 5.63	\$ 4.90	\$ 5.32
Class B common stock	\$ 9.14	\$ 7.94	\$ 8.68
Class C common stock	\$ 22.53	\$ 19.58	\$ 21.30
Basic Weighted-average Shares Outstanding			
Class A common stock	1,691	1,697	1,742
Class B common stock	245	245	245
Class C common stock	10	11	12
Diluted Earnings Per Share			
Class A common stock	\$ 5.63	\$ 4.89	\$ 5.32
Class B common stock	\$ 9.13	\$ 7.93	\$ 8.66
Class C common stock	\$ 22.51	\$ 19.56	\$ 21.26
Diluted Weighted-average Shares Outstanding			
Class A common stock	2,188	2,223	2,272
Class B common stock	245	245	245
Class C common stock	10	11	12

See accompanying notes, which are an integral part of these consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
Net income	\$ 12,311	\$ 10,866	\$ 12,080
Other comprehensive income (loss), net of tax:			
Investment securities:			
Net unrealized gain (loss)	(4)	1	20
Income tax effect	1	—	(5)
Reclassification adjustments	(1)	(3)	1
Income tax effect	—	1	—
Defined benefit pension and other postretirement plans:			
Net unrealized actuarial gain (loss) and prior service credit (cost)	178	(7)	(174)
Income tax effect	(41)	1	36
Reclassification adjustments	13	18	9
Income tax effect	(3)	(3)	(2)
Derivative instruments:			
Net unrealized gain (loss)	19	(547)	233
Income tax effect	(1)	119	(25)
Reclassification adjustments	15	(81)	(85)
Income tax effect	1	19	16
Foreign currency translation adjustments	(95)	1,511	(1,228)
Other comprehensive income (loss), net of tax	82	1,029	(1,204)
Comprehensive income	\$ 12,393	\$ 11,895	\$ 10,876

See accompanying notes, which are an integral part of these consolidated financial statements.

[Table of Contents](#)

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Preferred Stock			Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series A	Series B	Series C	Class A	Class B	Class C						
(in millions, except per share data)												
Balance as of September 30, 2020	—	2	3	1,683	245	11	\$ 5,086	\$ (39)	\$ 16,721	\$ 14,088	\$ 354	\$ 36,210
Net income										12,311		12,311
Other comprehensive income (loss), net of tax											82	82
Comprehensive income												12,393
Adoption of new accounting standards											3	3
VE territory covered losses incurred								(147)				(147)
Recovery through conversion rate adjustment							(55)	53				(2)
Conversion of series A preferred stock upon sales into public market	— (1)			28			(1,951)		1,951			—
Conversion of class C common stock upon sales into public market				2			(1)					—
Share-based compensation, net of forfeitures									542			542
Vesting of restricted stock and performance-based shares				3								—
Restricted stock and performance-based shares settled in cash for taxes					(1)				(144)			(144)
Cash proceeds from issuance of class A common stock under employee equity plans				2					208			208
Cash dividends declared and paid, at a quarterly amount of \$0.32 per class A common stock									(2,798)			(2,798)
Repurchase of class A common stock				(40)				(423)		(8,253)		(8,676)
Balance as of September 30, 2021	— (1)	2	3	1,677	245	10	\$ 3,080	\$ (133)	\$ 18,855	\$ 15,351	\$ 436	\$ 37,589

⁽¹⁾ Increase, decrease or balance is less than one million shares.

See accompanying notes, which are an integral part of these consolidated financial statements.

[Table of Contents](#)

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)

	Preferred Stock			Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity		
	Series A	Series B	Series C	Class A	Class B	Class C								
(in millions, except per share data)														
Balance as of September 30, 2019	—	2	3	1,718	245	11	\$ 5,462	\$ (171)	\$ 16,541	\$ 13,502	\$ (650)	\$ 34,684		
Net income	—	—	—	—	—	—	—	—	—	10,866	—	10,866		
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	—	—	1,029	1,029		
Comprehensive income	—	—	—	—	—	—	—	—	—	—	—	11,895		
Adoption of new accounting standards	—	—	—	—	—	—	—	—	—	25	(25)	—		
VE territory covered losses incurred	—	—	—	—	—	—	—	(37)	—	—	—	(37)		
Recovery through conversion rate adjustment	—	—	—	—	—	—	(164)	—	169	—	—	5		
Issuance of series A preferred stock	—	—	—	—	—	—	—	(5)	—	—	—	(5)		
Conversion of series A preferred stock upon sales into public market	—	—	—	—	—	3	—	(207)	—	207	—	—		
Conversion of class C common stock upon sales into public market	—	—	—	3	—	—	(1)	—	—	—	—	—		
Share-based compensation, net of forfeitures	—	—	—	—	—	—	—	—	—	416	—	416		
Vesting of restricted stock and performance-based shares	—	—	—	3	—	—	—	—	—	—	—	—		
Restricted stock and performance-based shares settled in cash for taxes	—	—	—	—	(1)	—	—	—	—	(160)	—	(160)		
Cash proceeds from issuance of class A common stock under employee equity plans	—	—	—	—	1	—	—	—	—	190	—	190		
Cash dividends declared and paid, at a quarterly amount of \$0.30 per class A common stock	—	—	—	—	—	—	—	—	—	(2,664)	—	(2,664)		
Repurchase of class A common stock	—	—	—	(44)	—	—	—	—	(473)	—	(7,641)	(8,114)		
Balance as of September 30, 2020	—	—	—	2	3	1,683	245	11	\$ 5,086	\$ (39)	\$ 16,721	\$ 14,088	\$ 354	\$ 36,210

(1) Increase, decrease or balance is less than one million shares.

See accompanying notes, which are an integral part of these consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)

	Preferred Stock		Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series B	Series C	Class A	Class B	Class C						
(in millions, except per share data)											
Balance as of September 30, 2018	2	3	1,768	245	12	\$ 5,470	\$ (7)	\$ 16,678	\$ 11,318	\$ 547	\$ 34,006
Net income									12,080		12,080
Other comprehensive income (loss), net of tax										(1,204)	(1,204)
Comprehensive income											10,876
Adoption of new accounting standards									385	7	392
VE territory covered losses incurred							(172)				(172)
Recovery through conversion rate adjustment							(8)	8			—
Conversion of class C common stock upon sales into public market			2		(1)						—
Share-based compensation, net of forfeitures									407		407
Vesting of restricted stock and performance-based shares			3								—
Restricted stock and performance-based shares settled in cash for taxes			(1)						(111)		(111)
Cash proceeds from issuance of class A common stock under employee equity plans			2						162		162
Cash dividends declared and paid, at a quarterly amount of \$0.25 per class A common stock									(2,269)		(2,269)
Repurchase of class A common stock			(56)						(595)	(8,012)	(8,607)
Balance as of September 30, 2019	2	3	1,718	245	11	\$ 5,462	\$ (171)	\$ 16,541	\$ 13,502	\$ (650)	\$ 34,684

See accompanying notes, which are an integral part of these consolidated financial statements.

[Table of Contents](#)

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
Operating Activities			
Net income	\$ 12,311	\$ 10,866	\$ 12,080
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Client incentives	8,367	6,664	6,173
Share-based compensation	542	416	407
Depreciation and amortization of property, equipment, technology and intangible assets	804	767	656
Deferred income taxes	873	307	214
VE territory covered losses incurred	(147)	(37)	(172)
(Gains) losses on equity investments, net	(712)	(101)	(131)
Other	(109)	(44)	(140)
Change in operating assets and liabilities:			
Settlement receivable	(468)	1,858	(1,533)
Accounts receivable	(343)	(43)	(333)
Client incentives	(7,510)	(8,081)	(6,430)
Other assets	(147)	(402)	(310)
Accounts payable	88	21	(24)
Settlement payable	679	(2,384)	1,931
Accrued and other liabilities	929	923	627
Accrued litigation	70	(290)	(231)
Net cash provided by (used in) operating activities	<u>15,227</u>	<u>10,440</u>	<u>12,784</u>
Investing Activities			
Purchases of property, equipment and technology	(705)	(736)	(756)
Investment securities:			
Purchases	(5,111)	(2,075)	(2,653)
Proceeds from maturities and sales	5,701	4,510	3,996
Acquisitions, net of cash and restricted cash acquired	(75)	(77)	(699)
Purchases of / contributions to other investments	(71)	(267)	(501)
Other investing activities	109	72	22
Net cash provided by (used in) investing activities	<u>(152)</u>	<u>1,427</u>	<u>(591)</u>
Financing Activities			
Repurchase of class A common stock	(8,676)	(8,114)	(8,607)
Repayments of debt	(3,000)	—	—
Dividends paid	(2,798)	(2,664)	(2,269)
Proceeds from issuance of senior notes	—	7,212	—
Payment of deferred purchase consideration related to the Visa Europe acquisition	—	—	(1,236)
Cash proceeds from issuance of class A common stock under employee equity plans	208	190	162
Restricted stock and performance-based shares settled in cash for taxes	(144)	(160)	(111)
Payments to settle derivative instruments	—	(333)	—
Other financing activities	—	(99)	—
Net cash provided by (used in) financing activities	<u>(14,410)</u>	<u>(3,968)</u>	<u>(12,061)</u>
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(37)	440	(277)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	628	8,339	(145)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	19,171	10,832	10,977
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	<u>\$ 19,799</u>	<u>\$ 19,171</u>	<u>\$ 10,832</u>
Supplemental Disclosure			
Cash paid for income taxes, net	\$ 3,012	\$ 2,671	\$ 2,648
Interest payments on debt	\$ 643	\$ 537	\$ 537
Accruals related to purchases of property, equipment and technology	\$ 41	\$ 38	\$ 95

See accompanying notes, which are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021**Note 1—Summary of Significant Accounting Policies**

Organization. Visa Inc. (“Visa” or the “Company”) is a global payments technology company that enables innovative, reliable and secure electronic payments across more than 200 countries and territories. Visa and its wholly-owned consolidated subsidiaries operate one of the world’s largest electronic payments network — VisaNet — which facilitates authorization, clearing and settlement of payment transactions and enables the Company to offer products and solutions that facilitate secure, reliable and efficient money movement for all participants in the ecosystem. Visa is not a financial institution and does not issue cards, extend credit or set rates and fees for account holders of Visa products. In most cases, account holder and merchant relationships belong to, and are managed by, Visa’s financial institution clients.

Consolidation and basis of presentation. The consolidated financial statements include the accounts of Visa and its consolidated entities and are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company consolidates its majority-owned and controlled entities, including variable interest entities (“VIEs”) for which the Company is the primary beneficiary. The Company’s investments in VIEs have not been material to its consolidated financial statements as of and for the periods presented. All significant intercompany accounts and transactions are eliminated in consolidation.

The Company’s activities are interrelated, and each activity is dependent upon and supportive of the other. All significant operating decisions are based on analysis of Visa as a single global business. Accordingly, the Company has one reportable segment, Payment Services.

Use of estimates. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates may change as new events occur and additional information is obtained, and will be recognized in the consolidated financial statements in the period in which such changes occur. Future actual results could differ materially from these estimates. As the effects of an evolving coronavirus (“COVID-19”) pandemic continues, much remains uncertain. There have been no comparable recent events and as a result the ultimate impact of COVID-19 and the extent to which COVID-19 and new variants continue to impact the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict. The use of estimates in specific accounting policies is described further below as appropriate.

Cash, cash equivalents, restricted cash, and restricted cash equivalents. Cash and cash equivalents include cash and certain highly liquid investments with original maturities of 90 days or less from the date of purchase. Cash equivalents are primarily recorded at cost, which approximates fair value due to their generally short maturities. The Company defines restricted cash and restricted cash equivalents as cash and cash equivalents that cannot be withdrawn or used for general operating activities. See Note 4—*Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents*.

Restricted cash equivalents—U.S. litigation escrow. The Company maintains an escrow account from which monetary liabilities from settlements of, or judgments in, the U.S. covered litigation are paid. See Note 5—*U.S. and Europe Retrospective Responsibility Plans* and Note 20—*Legal Matters* for a discussion of the U.S. covered litigation. The escrow funds are held in money market investments, together with the interest earned, less applicable taxes payable, and classified as restricted cash equivalents on the consolidated balance sheets. Interest earned on escrow funds is included in non-operating income (expense) on the consolidated statements of operations.

Fair value. The Company measures certain financial assets and liabilities at fair value on a recurring basis. Certain non-financial assets such as goodwill, intangible assets and property, equipment and technology are measured at cost and only recognized at fair value if they are deemed to be impaired. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are reported under a three-level valuation hierarchy. See Note 6—*Fair Value Measurements and Investments*.

Marketable equity securities. Marketable equity securities, which are reported in investment securities on the consolidated balance sheets, include mutual fund investments related to various employee compensation and benefit plans. Trading activity in these investments is at the direction of the Company’s employees. These

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

investments are held in a trust and are not available for the Company's operational or liquidity needs. Interest and dividend income as well as gains and losses, realized and unrealized, from changes in fair value are recorded in non-operating income (expense), and offset in personnel expense on the consolidated statements of operations.

Available-for-sale debt securities. The Company's investment in debt securities, which are classified as available-for-sale and reported in investment securities on the consolidated balance sheets, include U.S. government-sponsored debt securities and U.S. Treasury securities. These securities are recorded at cost at the time of purchase and are carried at fair value. The Company considers these securities to be available-for-sale to meet working capital and liquidity needs. Investments with original maturities of greater than 90 days and stated maturities of less than one year from the balance sheet date, or investments that the Company intends to sell within one year, are classified as current assets, while all other securities are classified as non-current assets. Unrealized gains and losses are reported in accumulated other comprehensive income (loss) on the consolidated balance sheets. The specific identification method is used to calculate realized gain or loss on the sale of securities, which is recorded in non-operating income (expense) on the consolidated statements of operations. Interest income is recognized when earned and is included in non-operating income (expense) on the consolidated statements of operations.

The Company evaluates its debt securities for impairment on an ongoing basis. When there has been a decline in fair value of a debt security below the amortized cost basis, the Company recognizes an impairment if: (1) it has the intent to sell the security; (2) it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis; or (3) it does not expect to recover the entire amortized cost basis of the security. If the Company identifies that the decline in fair value has resulted from credit losses, the credit loss component is recognized as an allowance on the balance sheet and in non-operating income (expense) on the consolidated statements of operations. The non-credit loss component remains in accumulated other comprehensive income (loss) until realized from a sale or subsequent impairment.

Non-marketable equity securities. The Company's non-marketable equity securities, which are reported in other assets on the consolidated balance sheets, include investments in privately held companies without readily determinable market values. All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in non-operating income (expense).

The Company applies the equity method of accounting for investments in other entities when it holds between 20% and 50% ownership in the entity or when it exercises significant influence. Under the equity method, the Company's share of each entity's profit or loss is reflected in non-operating income (expense) on the consolidated statements of operations. The equity method of accounting is also used for flow-through entities such as limited partnerships and limited liability companies when the investment ownership percentage is equal to or greater than 5% of outstanding ownership interests, regardless of whether the Company has significant influence over the investees.

The Company applies the fair value measurement alternative for investments in other entities when it holds less than 20% ownership in the entity and does not exercise significant influence, or for flow-through entities when the investment ownership is less than 5% and the Company does not exercise significant influence. These investments consist of equity holdings in non-public companies and are recorded in other assets on the consolidated balance sheets. The Company adjusts the carrying value of these equity securities to fair value when transactions for identical or similar investments of the same issuer are observable.

The Company regularly reviews investments accounted for under the equity method and the fair value measurement alternative for possible impairment, which generally involves an analysis of the facts and changes in circumstances influencing the investment, expectations of the entity's cash flows and capital needs, and the viability of its business model.

Financial instruments. The Company considers the following to be financial instruments: cash, cash equivalents, restricted cash, restricted cash equivalents, investment securities, settlement receivable and payable, accounts receivable, customer collateral, non-marketable equity investments and derivative instruments. See *Note 6—Fair Value Measurements and Investments*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Settlement receivable and payable. The Company operates systems for authorizing, clearing and settling payment transactions worldwide. Most U.S. dollar settlements with the Company's financial institution clients are settled within the same day and do not result in a receivable or payable balance. Settlements in currencies other than the U.S. dollar generally remain outstanding for one to two business days, resulting in amounts due from and to clients. These amounts are presented as settlement receivable and settlement payable on the consolidated balance sheets.

Customer collateral. The Company holds cash deposits and other non-cash assets from certain clients in order to ensure their performance of settlement obligations arising from Visa payment services are processed in accordance with the Company's operating rules. The cash collateral assets are restricted and fully offset by corresponding liabilities and both balances are presented on the consolidated balance sheets. Pledged securities are held by a custodian in an account under the Company's name and ownership; however, the Company does not have the right to repledge these securities, but may sell these securities in the event of default by the client on its settlement obligations. Letters of credit are provided primarily by client financial institutions to serve as irrevocable guarantees of payment. Guarantees are provided primarily by parent financial institutions to secure the obligations of their subsidiaries. The Company routinely evaluates the financial viability of institutions providing the letters of credit and guarantees. See Note 12—*Settlement Guarantee Management*.

Guarantees and indemnifications. The Company recognizes an obligation at inception for guarantees and indemnifications that qualify for recognition, regardless of the probability of occurrence. The Company indemnifies its financial institution clients for settlement losses suffered due to the failure of any other client to fund its settlement obligations in accordance with the Visa operating rules. The Company estimates expected credit losses and recognizes an allowance for those credit losses related to its settlement indemnification obligations. The estimated fair value of the liability for settlement indemnification is included in accrued liabilities on the consolidated balance sheets.

Property, equipment and technology, net. Property, equipment and technology are recorded at historical cost less accumulated depreciation and amortization, which are computed on a straight-line basis over the asset's estimated useful life. Depreciation and amortization of technology, furniture, fixtures and equipment are computed over estimated useful lives ranging from 2 to 10 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or lease term. Building improvements are depreciated between 3 and 40 years, and buildings are depreciated over 40 years. Improvements that increase functionality of the asset are capitalized and depreciated over the asset's remaining useful life. Land and construction-in-progress are not depreciated. Fully depreciated assets are retained in property, equipment and technology, net, until removed from service.

Technology includes purchased and internally developed software, including technology assets obtained through acquisitions. Internally developed software represents software primarily used by the VisaNet electronic payments network. Internal and external costs incurred during the preliminary project stage are expensed as incurred. Qualifying costs incurred during the application development stage are capitalized. Once the project is substantially complete and ready for its intended use these costs are amortized on a straight-line basis over the technology's estimated useful life. Acquired technology assets are initially recorded at fair value and amortized on a straight-line basis over the estimated useful life.

The Company evaluates the recoverability of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If the sum of expected undiscounted net future cash flows is less than the carrying amount of an asset or asset group, an impairment loss is recognized to the extent that the carrying amount of the asset or asset group exceeds its fair value. See Note 7—*Property, Equipment and Technology, Net*.

Leases. The Company determines if an arrangement is a lease at its inception. Right-of-use ("ROU") assets, and corresponding lease liabilities, are recognized at the commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As a majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. The Company does not record a ROU asset and corresponding liability for leases with terms of 12 months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. The Company does not combine lease payments with non-lease components for any of its leases. Operating leases are recorded as ROU assets, which are included in other assets on the consolidated balance sheets. The current portion of lease liabilities are included in accrued liabilities and the long-term portion is included in other liabilities on the consolidated balance sheets. The Company's lease cost is included in general and administrative expense in the consolidated statements of operations and consists of amounts recognized under lease agreements, adjusted for impairment and sublease income.

Intangible assets, net. The Company records identifiable intangible assets at fair value on the date of acquisition and evaluates the useful life of each asset.

Finite-lived intangible assets primarily consist of customer relationships and trade names obtained through acquisitions. Finite-lived intangible assets are amortized on a straight-line basis and are tested for recoverability if events or changes in circumstances indicate that their carrying amounts may not be recoverable. These intangibles have useful lives ranging from 3 to 15 years. See Note 8—*Intangible Assets and Goodwill*.

Indefinite-lived intangible assets consist of trade name, customer relationships and reacquired rights. Intangible assets with indefinite useful lives are not amortized but are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that impairment may exist. The Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative impairment test for indefinite-lived intangible assets. The Company assesses each category of indefinite-lived intangible assets for impairment on an aggregate basis, which may require the allocation of cash flows and/or an estimate of fair value to the assets or asset group. Impairment exists if the fair value of the indefinite-lived intangible asset is less than the carrying value. The Company relies on a number of factors when completing impairment assessments, including a review of discounted net future cash flows, business plans and the use of present value techniques.

The Company performed its annual impairment review of indefinite-lived intangible assets as of February 1, 2021, and concluded there was no impairment as of that date. No recent events or changes in circumstances indicate that impairment of the Company's indefinite-lived intangible assets existed as of September 30, 2021.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in a business combination. Goodwill is not amortized but is evaluated for impairment at the reporting unit level annually or more frequently if events or changes in circumstances indicate that impairment may exist.

The Company performed its annual impairment review of goodwill as of February 1, 2021, and concluded there was no impairment as of that date. No recent events or changes in circumstances indicate that impairment existed as of September 30, 2021.

Accrued litigation. The Company evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party and records a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These judgments are subjective, based on the status of such legal or regulatory proceedings, the merits of the Company's defenses and consultation with corporate and external legal counsel. Actual outcomes of these legal and regulatory proceedings may differ materially from the Company's estimates. The Company expenses legal costs as incurred in professional fees in the consolidated statements of operations. See Note 20—*Legal Matters*.

Revenue recognition. The Company's net revenues are comprised principally of the following categories: service revenues, data processing revenues, international transaction revenues and other revenues, reduced by client incentives. As a payments network service provider, the Company's obligation to the customer is to stand ready to provide continuous access to our payments network over the contractual term. Consideration is variable based primarily upon the amount and type of transactions and payments volume on Visa's products. The Company recognizes revenue, net of sales and other similar taxes, as the payments network services are performed in an amount that reflects the consideration the Company expects to receive in exchange for those services. Fixed fees for payments network services are generally recognized ratably over the related service period. The Company has elected the optional exemption to not disclose the remaining performance obligations related to payments network services and other performance obligations which are constrained by and dependent upon the future performance of its clients, which are variable in nature. The Company also recognizes revenues, net of sales and other similar

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

taxes, from other value added services, including issuer solutions, acceptance solutions, risk and identity solutions and advisory services, as these value added services are performed.

Service revenues consist mainly of revenues earned for services provided in support of client usage of Visa payment services. Current quarter service revenues are primarily assessed using a calculation of current quarter's pricing applied to the prior quarter's payments volume. The Company also earns revenues from assessments designed to support ongoing acceptance and volume growth initiatives, which are recognized in the same period the related volume is transacted.

Data processing revenues consist of revenues earned for authorization, clearing, settlement, value added services, network access and other maintenance and support services that facilitate transaction and information processing among the Company's clients globally. Data processing revenues are recognized in the same period the related transactions occur or services are performed.

International transaction revenues are earned for cross-border transaction processing and currency conversion activities. Cross-border transactions arise when the country of origin of the issuer or financial institution originating the transaction is different from that of the beneficiary. International transaction revenues are recognized in the same period the cross-border transactions occur or services are performed.

Other revenues consist mainly of value added services, license fees for use of the Visa brand or technology, fees for account holder services, certification, licensing and card benefits, such as extended account holder protection and concierge services. Other revenues are recognized in the same period the related transactions occur or services are performed.

Client incentives. The Company enters into long-term contracts with financial institution clients, merchants and strategic partners for various programs that provide cash and other incentives designed to increase revenue by growing payments volume, increasing Visa product acceptance, winning merchant routing transactions over to Visa's network and driving innovation. Incentives are classified as reductions to revenues within client incentives, unless the incentive is a cash payment made in exchange for a distinct good or service provided by the customer, in which case the payment is classified as operating expense. The Company generally capitalizes upfront and fixed incentive payments under these agreements and amortizes the amounts as a reduction to revenues ratably over the contractual term. Incentives that are earned by the customer based on performance targets are recorded as reductions to revenues based on management's estimate of each client's future performance. These accruals are regularly reviewed and estimates of performance are adjusted, as appropriate, based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Marketing. The Company expenses costs for the production of advertising as incurred. The cost of media advertising is expensed when the advertising takes place. Sponsorship costs are recognized over the period in which the Company benefits from the sponsorship rights. Promotional items are expensed as incurred, when the related services are received, or when the related event occurs.

Income taxes. The Company's income tax expense consists of two components: current and deferred. Current income tax expense represents taxes paid or payable for the current period. Deferred tax assets and liabilities are recognized to reflect the future tax consequences attributable to temporary differences between the financial statement carrying amounts and the respective tax basis of existing assets and liabilities, and operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing whether deferred tax assets are realizable, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. A valuation allowance is recorded for the portions that are not expected to be realized based on the level of historical taxable income, projections of future taxable income over the periods in which the temporary differences are deductible, and qualifying tax planning strategies.

Where interpretation of the tax law may be uncertain, the Company recognizes, measures and discloses income tax uncertainties. The Company accounts for interest expense and penalties related to uncertain tax positions in non-operating income (expense) in the consolidated statements of operations. The Company files a consolidated federal income tax return and, in certain states, combined state tax returns. The Company elects to claim foreign tax credits in any given year if such election is beneficial to the Company. See Note 19—Income Taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Pension and other postretirement benefit plans. The Company's defined benefit pension and other postretirement benefit plans are actuarially evaluated, incorporating various critical assumptions including the discount rate and the expected rate of return on plan assets (for qualified pension plans). The discount rate is based on a cash flow matching analysis, with the projected benefit payments matching spot rates from a yield curve developed from high-quality corporate bonds. The expected rate of return on pension plan assets is primarily based on the targeted allocation, and evaluated for reasonableness by considering such factors as: (i) actual return on plan assets; (ii) historical rates of return on various asset classes in the portfolio; (iii) projections of returns on various asset classes; and (iv) current and prospective capital market conditions and economic forecasts. Any difference between actual and expected plan experience, including asset return experience, in excess of a 10% corridor is recognized in net periodic pension cost over the expected average employee future service period, which ranges from approximately 7 to 9 years for the U.S. and non-U.S. pension plans. Other assumptions involve demographic factors such as retirement age, mortality, attrition and the rate of compensation increases. The Company evaluates assumptions annually and modifies them as appropriate.

The Company recognizes settlement losses when it settles pension benefit obligations, including making lump-sum cash payments to plan participants in exchange for their rights to receive specified pension benefits, when certain thresholds are met. See Note 11—*Pension and Other Postretirement Benefits*.

Foreign currency remeasurement and translation. The Company's functional currency is the U.S. dollar for the majority of its foreign operations except for Visa Europe Limited ("Visa Europe") whose functional currency is the Euro. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the functional currency using exchange rates in effect at the balance sheet dates. Non-monetary assets and liabilities are remeasured at historical exchange rates. Resulting foreign currency transaction gains and losses related to conversion and remeasurement are recorded in general and administrative expense in the consolidated statements of operations and were not material for fiscal 2021, 2020 and 2019.

Where a non-U.S. currency is the functional currency, translation from that functional currency to the U.S. dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet dates and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets.

Derivative financial instruments. The Company uses foreign exchange forward derivative contracts to reduce its exposure to foreign currency rate changes on forecasted non-functional currency denominated operational cash flows. The terms of these derivative contracts designated as cash flow hedges are generally no more than 12 months. The Company uses regression analysis to assess hedge effectiveness prospectively and retrospectively. The effectiveness tests are performed on foreign exchange forward contracts based on changes in the spot rate of the derivative instrument compared to changes in the spot rate of the forecasted hedged transaction.

Derivatives are carried at fair value on a gross basis on the consolidated balance sheets. Gains and losses resulting from changes in the fair value of cash flow hedges are accounted for in accumulated other comprehensive income (loss) on the consolidated balance sheets. When the forecasted transaction occurs and is recognized in earnings, the amount in accumulated other comprehensive income (loss) related to that hedge is reclassified to the consolidated statements of operations in the corresponding account where revenue or expense is recorded. Forward points are excluded from effectiveness testing and measurement purposes and are reported in earnings. Cash flow hedges are subject to master netting agreements, which provide the Company with a legal right to net settle multiple payable and receivable positions with the same counterparty, in a single currency through a single payment. However, the Company presents fair values on a gross basis on the consolidated balance sheets.

The Company holds foreign exchange forward contracts which were designated as a net investment hedge against a portion of the Company's net investment in Visa Europe. The Company also holds interest rate and cross-currency swap agreements on a portion of the outstanding senior notes that allows the Company to manage its interest rate exposure through a combination of fixed and floating rates and reduce the overall cost of borrowing. The Company designated the interest rate swaps as a fair value hedge and the cross-currency swap as a net investment hedge. Gains and losses related to changes in fair value hedges are recognized in non-operating income (expense) along with a corresponding loss or gain related to the change in fair value of the underlying hedged item in the same line item in the consolidated statements of operations. Gains and losses related to changes in the fair value of net investment hedges are recorded in other comprehensive income (loss). Amounts

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

excluded from the effectiveness testing of net investment hedges are recognized in non-operating income (expense).

The Company utilizes foreign exchange derivative contracts to hedge against foreign currency exchange rate fluctuations related to certain monetary assets and liabilities denominated in foreign currency. Gains and losses resulting from changes in the fair value of these derivative instruments not designated for hedge accounting are recorded in general and administrative expense for hedges of operating activity, or non-operating income (expense) for hedges of non-operating activity.

Cash flows associated with a cash flow hedge are classified as an operating activity on the consolidated statement of cash flows. Cash flows associated with a fair value hedge may be included in operating, investing or financing activities depending on the classification of the items being hedged. Cash flows associated with a net investment hedge are classified as an investing activity. See Note 13—*Derivative Financial Instruments*.

Share-based compensation. The Company recognizes share-based compensation cost, net of estimated forfeitures, using the fair value method of accounting. The Company recognizes compensation cost for awards with only service conditions on a straight-line basis over the requisite service period, which is generally the vesting period. Compensation cost for performance-based awards is recognized on a graded-vesting basis. The amount is initially estimated based on target performance and is adjusted as appropriate based on management's best estimate throughout the performance period. See Note 17—*Share-based Compensation*.

Earnings per share. The Company calculates earnings per share using the two-class method to reflect the different rights of each class and series of outstanding common stock. The dilutive effect of incremental common stock equivalents is reflected in diluted earnings per share by application of the treasury stock method. See Note 16—*Earnings Per Share*.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Board Update ("ASU") 2016-13, which requires the measurement and recognition of expected credit losses for financial assets and certain other instruments held at amortized cost, replacing the incurred loss model. Subsequently, the FASB also issued amendments to this standard. The Company adopted the guidance effective October 1, 2020 using the modified retrospective transition method with comparative periods continuing to be reported using the previous applicable guidance. The adoption did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, which simplifies the accounting for goodwill impairments by eliminating Step 2 from the goodwill impairment test. An entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount, which is Step 1 of the goodwill impairment test. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The Company adopted the standard effective October 1, 2020 on a prospective basis. The adoption had no impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The Company adopted this standard effective October 1, 2020. The adoption did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans by removing, modifying or adding certain disclosures. The Company adopted this standard effective October 1, 2020. The adoption did not have a material impact on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 2—Acquisitions*Pending Acquisitions*

On June 24, 2021, Visa entered into a definitive agreement to acquire Tink AB (“Tink”) for €1.8 billion, inclusive of cash and retention incentives. Tink is a European open banking platform that enables financial institutions, fintechs and merchants to build tailored financial management tools, products and services for European consumers and businesses based on their financial data. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

On July 22, 2021, Visa entered into a definitive agreement to acquire The Currency Cloud Group Limited (“Currencycloud”), a UK-based global platform that enables banks and fintechs to provide innovative foreign exchange solutions for cross-border payments. The acquisition values Currencycloud at £700 million, inclusive of cash and retention incentives. The financial consideration will be reduced by the outstanding equity of Currencycloud that Visa already owns. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

Terminated Acquisition

On January 12, 2021, Visa and Plaid Inc. mutually terminated their merger agreement announced on January 13, 2020. See Note 20—Legal Matters.

Note 3—Revenues

The nature, amount, timing and uncertainty of the Company’s revenues and cash flows and how they are affected by economic factors are most appropriately depicted through the Company’s revenue categories and geographical markets. The following tables disaggregate the Company’s net revenues by revenue category and by geography for the years ended September 30, 2021, 2020, and 2019:

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
Service revenues	\$ 11,475	\$ 9,804	\$ 9,700
Data processing revenues	12,792	10,975	10,333
International transaction revenues	6,530	6,299	7,804
Other revenues	1,675	1,432	1,313
Client incentives	(8,367)	(6,664)	(6,173)
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
U.S.	\$ 11,160	\$ 10,125	\$ 10,279
International	12,945	11,721	12,698
Net revenues	\$ 24,105	\$ 21,846	\$ 22,977

Remaining performance obligations are comprised of deferred revenues and unbilled contract revenues that will be invoiced and recognized as revenues in future periods primarily related to value added services. As of September 30, 2021, the remaining performance obligations were \$1.7 billion. The Company expects approximately half to be recognized as revenue in the next two years and the remaining thereafter. However, the amount and timing of revenue recognition is affected by several factors, including contract modifications and terminations, which could impact the estimate of amounts allocated to remaining performance obligations and when such revenues could be recognized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 4—Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

The Company reconciles cash, cash equivalents, restricted cash and restricted cash equivalents reported in the consolidated balance sheets that aggregate to the beginning and ending balances shown in the consolidated statements of cash flows as follows:

	September 30,	
	2021	2020
	(in millions)	
Cash and cash equivalents	\$ 16,487	\$ 16,289
Restricted cash and restricted cash equivalents:		
U.S. litigation escrow	894	901
Customer collateral	2,260	1,850
Prepaid expenses and other current assets	158	131
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 19,799	\$ 19,171

Note 5—U.S. and Europe Retrospective Responsibility Plans

U.S. Retrospective Responsibility Plan

The Company has established several related mechanisms designed to address potential liability under certain litigation referred to as the “U.S. covered litigation.” These mechanisms are included in and referred to as the U.S. retrospective responsibility plan and consist of a U.S. litigation escrow agreement, the conversion feature of the Company’s shares of class B common stock, the indemnification obligations of the Visa U.S.A. Inc. (“Visa U.S.A.”) members, an interchange judgment sharing agreement, a loss sharing agreement and an omnibus agreement, as amended.

U.S. covered litigation consists of a number of matters that have been settled or otherwise fully or substantially resolved, as well as the following:

- *the Interchange Multidistrict Litigation.* In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, 1:05-md-01720-JG-JO (E.D.N.Y.) or MDL 1720, including all cases currently included in MDL 1720, any other case that includes claims for damages relating to the period prior to the Company’s IPO that has been or is transferred for coordinated or consolidated pre-trial proceedings at any time to MDL 1720 by the Judicial Panel on Multidistrict Litigation or otherwise included at any time in MDL 1720 by order of any court of competent jurisdiction;
- any claim that challenges the reorganization or the consummation thereof; provided that such claim is transferred for coordinated or consolidated pre-trial proceedings at any time to MDL 1720 by the Judicial Panel on Multidistrict Litigation or otherwise included at any time in MDL 1720 by order of any court of competent jurisdiction; and
- any case brought after October 22, 2015 by a merchant that opted out of the Rule 23(b)(3) settlement class in MDL 1720 that arises out of facts or circumstances substantially similar to those alleged in MDL 1720 and that is not transferred to or otherwise included in MDL 1720. See Note 20—Legal Matters.

U.S. litigation escrow agreement. In accordance with the U.S. litigation escrow agreement, the Company maintains an escrow account, from which settlements of, or judgments in, the U.S. covered litigation are paid. The amount of the escrow is determined by the board of directors and the Company’s litigation committee, all members of which are affiliated with, or act for, certain Visa U.S.A. members. The accrual related to the U.S. covered litigation could be either higher or lower than the U.S. litigation escrow account balance. See Note 20—Legal Matters.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table presents the changes in the restricted cash equivalents—U.S. litigation escrow account by fiscal year:

	2021	2020
	(in millions)	
Balance at beginning of period	\$ 901	\$ 1,205
Return of takedown payment to the litigation escrow account	—	467
Payments to opt-out merchants ⁽¹⁾ and interest earned on escrow funds	(7)	(771)
Balance at end of period	\$ 894	\$ 901

⁽¹⁾ These payments are associated with the interchange multidistrict litigation. See Note 20—*Legal Matters*.

Conversion feature. Under the terms of the plan, when the Company funds the U.S. litigation escrow account, the shares of class B common stock are subject to dilution through an adjustment to the conversion rate of the shares of class B common stock to shares of class A common stock. This has the same economic effect on diluted class A common stock earnings per share as repurchasing the Company's class A common stock, because it reduces the class B conversion rate and consequently the as-converted class A common stock share count. See Note 15—*Stockholders' Equity*.

Indemnification obligations. To the extent that amounts available under the U.S. litigation escrow arrangement and other agreements in the plan are insufficient to fully resolve the U.S. covered litigation, the Company will use commercially reasonable efforts to enforce the indemnification obligations of Visa U.S.A.'s members for such excess amounts, including but not limited to enforcing indemnification obligations pursuant to Visa U.S.A.'s certificate of incorporation and bylaws and in accordance with their membership agreements.

Interchange judgment sharing agreement. Visa U.S.A. and Visa International Service Association ("Visa International") have entered into an interchange judgment sharing agreement with certain Visa U.S.A. members that have been named as defendants in the interchange multidistrict litigation, which is described in Note 20—*Legal Matters*. Under this judgment sharing agreement, Visa U.S.A. members that are signatories will pay their membership proportion of the amount of a final judgment not allocated to the conduct of Mastercard.

Loss sharing agreement. Visa has entered into a loss sharing agreement with Visa U.S.A., Visa International and certain Visa U.S.A. members. The loss sharing agreement provides for the indemnification of Visa U.S.A., Visa International and, in certain circumstances, Visa with respect to: (i) the amount of a final judgment paid by Visa U.S.A. or Visa International in the U.S. covered litigation after the operation of the interchange judgment sharing agreement, plus any amounts reimbursable to the interchange judgment sharing agreement signatories; or (ii) the damages portion of a settlement of a U.S. covered litigation that is approved as required under Visa U.S.A.'s certificate of incorporation by the vote of Visa U.S.A.'s specified voting members. The several obligation of each bank that is a party to the loss sharing agreement will equal the amount of any final judgment enforceable against Visa U.S.A., Visa International or any other signatory to the interchange judgment sharing agreement, or the amount of any approved settlement of a U.S. covered litigation, multiplied by such bank's then-current membership proportion as calculated in accordance with Visa U.S.A.'s certificate of incorporation.

On October 22, 2015, Visa entered into an amendment to the loss sharing agreement. The amendment includes within the scope of U.S. covered litigation any action brought after the amendment by an opt-out from the Rule 23(b)(3) Settlement Class in MDL 1720 that arises out of facts or circumstances substantially similar to those alleged in MDL 1720 and that is not transferred to or otherwise included in MDL 1720. On the same date, Visa entered into amendments to the interchange judgment sharing agreement and omnibus agreement that include any such action within the scope of those agreements as well.

Omnibus agreement. Visa entered into an omnibus agreement with Mastercard and certain Visa U.S.A. members that confirmed and memorialized the signatories' intentions with respect to the loss sharing agreement, the interchange judgment sharing agreement and other agreements relating to the interchange multidistrict litigation, see Note 20—*Legal Matters*. Under the omnibus agreement, the monetary portion of any settlement of the interchange multidistrict litigation covered by the omnibus agreement would be divided into a Mastercard portion at 33.3333% and a Visa portion at 66.6667%. In addition, the monetary portion of any judgment assigned to Visa-related claims in accordance with the omnibus agreement would be treated as a Visa portion. Visa would have no liability for the monetary portion of any judgment assigned to Mastercard-related claims in accordance with the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

omnibus agreement, and if a judgment is not assigned to Visa-related claims or Mastercard-related claims in accordance with the omnibus agreement, then any monetary liability would be divided into a Mastercard portion at 33.3333% and a Visa portion at 66.6667%. The Visa portion of a settlement or judgment covered by the omnibus agreement would be allocated in accordance with specified provisions of the Company's U.S. retrospective responsibility plan. The litigation provision on the consolidated statements of operations was not impacted by the execution of the omnibus agreement.

On August 26, 2014, Visa entered into an amendment to the omnibus agreement. The omnibus amendment makes applicable to certain settlements in opt-out cases in the interchange multidistrict litigation the settlement-sharing provisions of the omnibus agreement, pursuant to which the monetary portion of any settlement of the interchange multidistrict litigation covered by the omnibus agreement would be divided into a Mastercard portion at 33.3333% and a Visa portion at 66.6667%. The omnibus amendment also provides that in the event of termination of the class settlement agreement, Visa and Mastercard would make mutually acceptable arrangements so that Visa shall have received two-thirds and Mastercard shall have received one-third of the total of (i) the sums paid to defendants as a result of the termination of the settlement agreement and (ii) the takedown payments previously made to defendants.

Europe Retrospective Responsibility Plan

UK loss sharing agreement. The Company has entered into a loss sharing agreement with Visa Europe and certain of Visa Europe's member financial institutions located in the United Kingdom (the "UK LSA members"). Each of the UK LSA members has agreed, on a several and not joint basis, to compensate the Company for certain losses which may be incurred by the Company, Visa Europe or their affiliates as a result of certain existing and potential litigation relating to the setting and implementation of domestic multilateral interchange fee rates in the United Kingdom prior to the closing of the Visa Europe acquisition (the "Closing"), subject to the terms and conditions set forth therein and, with respect to each UK LSA member, up to a maximum amount of the up-front cash consideration received by such UK LSA member. The UK LSA members' obligations under the UK loss sharing agreement are conditional upon, among other things, either (a) losses valued in excess of the sterling equivalent on June 21, 2016 of €1.0 billion having arisen in UK covered claims (and such losses having reduced the conversion rate of the series B preferred stock accordingly), or (b) the conversion rate of the series B preferred stock having been reduced to zero pursuant to losses arising in claims relating to multilateral interchange fee rate setting in the Visa Europe territory.

Litigation management deed. The Company has entered into a litigation management deed with Visa Europe which sets forth the agreed upon procedures for the management of the VE territory covered litigation, the allocation of losses resulting from this litigation (the "VE territory covered losses") between the series B and C preferred stock, and any accelerated conversion or reduction in the conversion rate of the shares of series B and C preferred stock. The litigation management deed applies only to VE territory covered litigation (and resultant losses and liabilities). The litigation management deed provides that the Company will generally control the conduct of the VE territory covered litigation, subject to certain obligations to report and consult with the litigation management committees for VE territory covered litigation (the "VE territory litigation management committees"). The VE territory litigation management committees, which are composed of representatives of certain Visa Europe members, have also been granted consent rights to approve certain material decisions in relation to the VE territory covered litigation.

The Company obtained certain protections for VE territory covered losses through the series B and C preferred stock, the UK loss sharing agreement, and the litigation management deed, referred to as the "Europe retrospective responsibility plan." The plan covers VE territory covered litigation (and resultant liabilities and losses) relating to the covered period, which generally refers to the period before the Closing. Visa's protection from the plan is further limited to 70% of any liabilities where the claim relates to inter-regional multilateral interchange fee rates where the issuer is located outside the Visa Europe territory, and the merchant is located within the Visa Europe territory. The plan does not protect the Company in Europe against all types of litigation or remedies or fines imposed in competition law enforcement proceedings, only the interchange litigation specifically covered by the plan's terms.

Unlike the U.S. retrospective responsibility plan, the Europe retrospective responsibility plan does not have an escrow account that is used to fund settlements or judgments. The Company is entitled to recover VE territory covered losses through a periodic adjustment to the class A common stock conversion rates applicable to the series B and C preferred stock. The total amount of protection available through the preferred stock component of the Europe retrospective responsibility plan is equivalent to the as-converted value of the preferred stock, which can be calculated at any point in time as the product of: (a) the outstanding number of shares of preferred stock; (b) the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

current conversion rate applicable to each class of preferred stock; and (c) Visa's class A common stock price. This amount differs from the value of the preferred stock recorded within stockholders' equity on the Company's consolidated balance sheets. The book value of the preferred stock reflects its historical value recorded at the Closing less VE territory covered losses recovered through a reduction of the applicable conversion rate. The book value does not reflect changes in the underlying class A common stock price subsequent to the Closing.

Visa Inc. net income will not be impacted by VE territory covered losses as long as the as-converted value of the preferred stock is greater than the covered loss. VE territory covered losses will be recorded when the loss is deemed to be probable and reasonably estimable, or in the case of attorney's fees, when incurred. Concurrently, the Company will record a reduction to stockholders' equity, which represents the Company's right to recover such losses through adjustments to the conversion rate applicable to the preferred stock. The reduction to stockholders' equity is recorded in a contra-equity account referred to as "right to recover for covered losses."

As required by the litigation management deed, at the fourth anniversary of the Visa Europe acquisition, Visa, in consultation with the VE territories litigation management committee, carried out a release assessment of the extent to which, if at all, it would be appropriate to effect a partial conversion of series B or C preferred stock into class A common stock or series A preferred stock. After the completion of this assessment, in September 2020, the Company released \$7.3 billion of the as-converted value from its series B and C preferred stock and issued 374,819 shares of series A preferred stock (the "Fourth anniversary release"). Each holder of a share of series B and C preferred stock received a number of series A preferred stock equal to the applicable conversion adjustment divided by 100. The Company paid \$5 million in cash in lieu of issuing fractional shares of series A preferred stock. The release resulted in a downward adjustment to the series B and C preferred stock conversion rates. See Note 15—Stockholders' Equity.

VE territory covered losses may be recorded before the corresponding adjustment to the applicable conversion rate is effected. Adjustments to the conversion rate may be executed once in any six-month period unless a single, individual loss greater than €20 million is incurred, in which case, the six-month limitation does not apply. When the adjustment to the conversion rate is made, the amount previously recorded in "right to recover for covered losses" as contra-equity will then be recorded against the book value of the preferred stock within stockholders' equity. During the year ended September 30, 2021, the Company recovered \$55 million of VE territory covered losses through adjustments to the class A common stock conversion rates applicable to the series B and C preferred stock.

The following table presents the activities related to VE territory covered losses in preferred stock and "right to recover for covered losses" within stockholders' equity during the year ended September 30, 2021:

	Preferred Stock			Right to Recover for Covered Losses
	Series B	Series C (in millions)		
Balance as of September 30, 2020	\$ 1,106	\$ 1,543		\$ (39)
VE territory covered losses incurred ⁽¹⁾	—	—		(147)
Recovery through conversion rate adjustment ⁽²⁾	(35)	(20)		53
Balance as of September 30, 2021	\$ 1,071	\$ 1,523		\$ (133)

⁽¹⁾ VE territory covered losses incurred reflect settlements with merchants and additional legal costs. See Note 20—Legal Matters.

⁽²⁾ Adjustment to right to recover for covered losses for the conversion rate adjustment differs from the actual recovered amount due to differences in foreign exchange rates between the time the losses were incurred and the subsequent recovery through the conversion rate adjustment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table presents the as-converted value of the preferred stock available to recover VE territory covered losses compared to the book value of preferred stock recorded in stockholders' equity within the Company's consolidated balance sheets as of September 30, 2021 and 2020:

	September 30,			
	2021		2020	
	As-converted Value of Preferred Stock ^{(1),(2)}	Book Value of Preferred Stock ⁽¹⁾	As-converted Value of Preferred Stock ^{(3),(3)}	Book Value of Preferred Stock ⁽¹⁾
(in millions)				
Series B preferred stock	\$ 3,493	\$ 1,071	\$ 3,168	\$ 1,106
Series C preferred stock	4,806	1,523	4,331	1,543
Total	8,299	2,594	7,499	2,649
Less: right to recover for covered losses	(133)	(133)	(39)	(39)
Total recovery for covered losses available	\$ 8,166	\$ 2,461	\$ 7,460	\$ 2,610

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. As-converted and book values are based on unrounded numbers.

⁽²⁾ As of September 30, 2021, the as-converted value of preferred stock is calculated as the product of: (a) 2 million and 3 million shares of the series B and C preferred stock outstanding, respectively; (b) 6.321 and 6.834, the class A common stock conversion rate applicable to the series B and C preferred stock outstanding, respectively; and (c) \$222.75, Visa's class A common stock closing stock price.

⁽³⁾ As of September 30, 2020, the as-converted value of preferred stock is calculated as the product of: (a) 2 million and 3 million shares of the series B and C preferred stock outstanding, respectively; (b) 6.387 and 6.861, the class A common stock conversion rate applicable to the series B and C preferred stock outstanding, respectively; and (c) \$199.97, Visa's class A common stock closing stock price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 6—Fair Value Measurements and Investments

The Company measures certain assets and liabilities at fair value. See Note 1—Summary of Significant Accounting Policies.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements at September 30 Using Inputs Considered as			
	Level 1		Level 2	
	2021	2020	2021	2020
(in millions)				
Assets				
Cash equivalents and restricted cash equivalents:				
Money market funds	\$ 11,779	\$ 12,522	\$ —	\$ —
U.S. government-sponsored debt securities	—	—	100	1,469
U.S. Treasury securities	2,400	650	—	—
Investment securities:				
Marketable equity securities	490	148	—	—
U.S. government-sponsored debt securities	—	—	245	2,582
U.S. Treasury securities	2,985	1,253	—	—
Other current and non-current assets:				
Money market funds	4	—	—	—
Derivative instruments	—	—	410	512
Total	\$ 17,658	\$ 14,573	\$ 755	\$ 4,563
Liabilities				
Accrued compensation and benefits:				
Deferred compensation liability	\$ 167	\$ 135	\$ —	\$ —
Accrued and other liabilities:				
Derivative instruments	—	—	109	181
Total	\$ 167	\$ 135	\$ 109	\$ 181

Level 1 assets and liabilities. Money market funds, marketable equity securities and U.S. Treasury securities are classified as Level 1 within the fair value hierarchy, as fair value is based on unadjusted quoted prices in active markets for identical assets and liabilities. The Company's deferred compensation liability is measured at fair value based on marketable equity securities held under the deferred compensation plan.

Level 2 assets and liabilities. The fair value of U.S. government-sponsored debt securities, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. Derivative instruments are valued using inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

U.S. government-sponsored debt securities and U.S. Treasury securities. As of September 30, 2021 and 2020, gross unrealized gains and losses were not material. As of September 30, 2021, \$4.0 billion of the Company's debt securities are due within one year and \$1.7 billion is due between one to five years.

Assets Measured at Fair Value on a Non-recurring Basis

Non-marketable equity securities. The Company's non-marketable equity securities are investments in privately held companies without readily determinable market values. These investments are classified as Level 3 due to the absence of quoted market prices, the inherent lack of liquidity and the fact that inputs used to measure fair value are unobservable and require management's judgment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table summarizes the total carrying value of the Company's non-marketable equity securities held as of September 30, 2021 including cumulative unrealized gains and losses:

	September 30, 2021 (in millions)
Initial cost basis	\$ 874
Adjustments:	
Upward adjustments	607
Downward adjustments (including impairment)	(13)
Carrying amount, end of period	\$ 1,468

Unrealized gains and losses included in the carrying value of the Company's non-marketable equity securities still held as of September 30, 2021 and 2020 were as follows:

	For the Years Ended September 30,	
	2021	2020
Upward adjustments	\$ 484	\$ 102
Downward adjustments (including impairment)	\$ (3)	\$ (6)

Investment Income

Investment income is recorded as non-operating income (expense) in the Company's consolidated statements of operations and consisted of the following:

	For the Years Ended September 30,		
	2021	2020	2019
Interest and dividend income on cash and investments	\$ (16)	\$ 80	\$ 247
Realized gains (losses), net on debt securities	—	4	1
Equity securities:			
Unrealized gains (losses), net	721	115	117
Realized gains (losses), net	26	1	18
Investment income	\$ 731	\$ 200	\$ 383

Other Fair Value Disclosures

Debt. Debt instruments are measured at amortized cost on the Company's consolidated balance sheets. The fair value of the debt instruments, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. If measured at fair value in the financial statements, these instruments would be classified as Level 2 in the fair value hierarchy. As of September 30, 2021, the carrying value and estimated fair value of debt was \$21.0 billion and \$22.5 billion, respectively. As of September 30, 2020, the carrying value and estimated fair value of debt was \$24.1 billion and \$26.6 billion, respectively.

Other financial instruments not measured at fair value. The following financial instruments are not measured at fair value on the Company's consolidated balance sheet at September 30, 2021, but disclosure of their fair values is required: settlement receivable and payable and customer collateral. The estimated fair value of such instruments at September 30, 2021 approximates their carrying value due to their generally short maturities. If measured at fair value in the financial statements, these financial instruments would be classified as Level 2 in the fair value hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 7—Property, Equipment and Technology, Net

Property, equipment and technology, net, consisted of the following:

	September 30,	
	2021	2020
	(in millions)	
Land	\$ 72	\$ 71
Buildings and building improvements	1,008	1,007
Furniture, equipment and leasehold improvements	2,048	1,997
Construction-in-progress	226	163
Technology	4,320	3,923
Total property, equipment and technology	7,674	7,161
Accumulated depreciation and amortization	(4,959)	(4,424)
Property, equipment and technology, net	\$ 2,715	\$ 2,737

Technology consists of both purchased and internally developed software. Internally developed software primarily represents software utilized by the VisaNet electronic payments network. At September 30, 2021 and 2020, accumulated amortization for technology was \$3.2 billion and \$2.7 billion, respectively.

At September 30, 2021, estimated future amortization expense on technology is as follows:

	For the Years Ending September 30,							Total
	2022	2023	2024	2025	2026	Thereafter		
	(in millions)							
Estimated future amortization expense	\$ 408	\$ 307	\$ 217	\$ 134	\$ 56	\$ 18	\$ 1,140	

For fiscal 2021, 2020 and 2019, depreciation and amortization expense related to property, equipment and technology was \$721 million, \$687 million and \$596 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 8—Intangible Assets and Goodwill

Indefinite-lived and finite-lived intangible assets consisted of the following:

	September 30,						2020		
	2021			2020			(in millions)		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net			
Finite-lived intangible assets:									
Customer relationships	\$ 726	\$ (440)	\$ 286	\$ 709	\$ (376)	\$ 333			
Trade names	199	(148)	51	199	(134)	65			
Reseller relationships	95	(92)	3	95	(89)	6			
Other	16	(15)	1	17	(14)	3			
Total finite-lived intangible assets	1,036	(695)	341	1,020	(613)	407			
Indefinite-lived intangible assets:									
Customer relationships and reacquired rights	23,239	—	23,239	23,317	—	23,317			
Visa trade name	4,084	—	4,084	4,084	—	4,084			
Total indefinite-lived intangible assets	27,323	—	27,323	27,401	—	27,401			
Total intangible assets	\$ 28,359	\$ (695)	\$ 27,664	\$ 28,421	\$ (613)	\$ 27,808			

For fiscal 2021, 2020 and 2019, amortization expense related to finite-lived intangible assets was \$83 million, \$80 million and \$60 million, respectively.

At September 30, 2021, estimated future amortization expense on finite-lived intangible assets is as follows:

	For the Years Ending September 30,						Total		
	2022		2023		2024		2025		2026
	(in millions)								
Estimated future amortization expense	\$ 78	\$ 55	\$ 53	\$ 42	\$ 27	\$ 86	\$ 341		

The changes in goodwill during the years ended September 30, 2021 and 2020 are as follows:

	2021					2020	
	(in millions)						
Goodwill, beginning of period						\$ 15,910	\$ 15,656
Goodwill from acquisitions, net of adjustments						63	48
Foreign currency translation						(15)	206
Goodwill, end of period						\$ 15,958	\$ 15,910

During fiscal 2021, 2020 or 2019, there was no impairment related to the Company's intangible assets and goodwill.

Note 9—Leases

The Company entered into various operating lease agreements primarily for real estate. The Company's leases have original lease periods expiring between fiscal 2022 and 2031. Many leases include one or more options to renew. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments under the Company's lease arrangements are generally fixed. At September 30, 2021, the Company had no finance leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

At September 30, 2021 and 2020, ROU assets included in other assets on the consolidated balance sheets was \$515 million and \$508 million, respectively. At September 30, 2021 and 2020, the current portion of lease liabilities included in accrued liabilities on the consolidated balance sheets was \$103 million and \$97 million, respectively, and the long-term portion included in other liabilities was \$471 million and \$473 million, respectively.

During fiscal 2021 and 2020, total operating lease cost was \$111 million and \$114 million, respectively. At September 30, 2021 and 2020, the weighted-average remaining lease term for operating leases was approximately 6 years and the weighted-average discount rate for operating leases was 2.23% and 2.29%, respectively.

At September 30, 2021, the present value of future minimum lease payments was as follows:

	September 30, 2021
	(in millions)
2022	\$ 120
2023	108
2024	100
2025	85
2026	75
Thereafter	132
Total undiscounted lease payments	620
Less: imputed interest	(46)
Present value of lease liabilities	\$ 574

During fiscal 2021 and 2020, ROU assets obtained in exchange for lease liabilities was \$96 million and \$76 million, respectively.

At September 30, 2021, the Company had additional operating leases that had not yet commenced with lease obligations of \$467 million. These operating leases will commence between fiscal 2022 and 2023 with non-cancellable lease terms of 1 to 15 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 10—Debt

The Company had outstanding debt as follows:

	September 30,		Effective Interest Rate ⁽¹⁾
	2021	2020	
(in millions, except percentages)			
2.20% Senior Notes due December 2020	\$ —	\$ 3,000	2.30 %
2.15% Senior Notes due September 2022	1,000	1,000	2.30 %
2.80% Senior Notes due December 2022	2,250	2,250	2.89 %
3.15% Senior Notes due December 2025	4,000	4,000	3.26 %
1.90% Senior Notes due April 2027	1,500	1,500	2.02 %
0.75% Senior Notes due August 2027	500	500	0.84 %
2.75% Senior Notes due September 2027	750	750	2.91 %
2.05% Senior Notes due April 2030	1,500	1,500	2.13 %
1.10% Senior Notes due February 2031	1,000	1,000	1.20 %
4.15% Senior Notes due December 2035	1,500	1,500	4.23 %
2.70% Senior Notes due April 2040	1,000	1,000	2.80 %
4.30% Senior Notes due December 2045	3,500	3,500	4.37 %
3.65% Senior Notes due September 2047	750	750	3.73 %
2.00% Senior Notes due August 2050	1,750	1,750	2.09 %
Total debt	21,000	24,000	
Unamortized discounts and debt issuance costs	(161)	(178)	
Hedge accounting fair value adjustments ⁽²⁾	138	248	
Total carrying value of debt	\$ 20,977	\$ 24,070	
Reported as:			
Current maturities of debt	\$ 999	\$ 2,999	
Long-term debt	19,978	21,071	
Total carrying value of debt	\$ 20,977	\$ 24,070	

(1) Effective interest rates disclosed do not reflect hedge accounting adjustments.

(2) Represents the change in fair value of interest rate swap agreements entered into on a portion of the outstanding senior notes. See Note 1—Summary of Significant Accounting Policies and Note 13—Derivative Financial Instruments.

Senior Notes

The Company's outstanding senior notes, or collectively, the "Notes", are senior unsecured obligations of the Company, ranking equally and ratably among themselves and with the Company's existing and future unsecured and unsubordinated debt. The Notes are not secured by any assets of the Company and are not guaranteed by any of the Company's subsidiaries. As of September 30, 2021, the Company was in compliance with all related covenants. Each series of Notes may be redeemed as a whole or in part at the Company's option at any time at specified redemption prices.

During the year ended September 30, 2021, the Company repaid \$3.0 billion of principal upon maturity of its senior notes.

In August 2020, the Company issued fixed-rate senior notes in a public offering in an aggregate principal amount of \$3.3 billion with maturities of 7, 10 and a half and 30 years. The August 2027 Notes, 2031 Notes and 2050 Notes, or collectively, the "August 2020 Notes", have interest rates of 0.75%, 1.10% and 2.00%, respectively. Interest on the August 2020 Notes is payable semi-annually on February 15 and August 15 of each year, commencing on February 15, 2021. The net aggregate proceeds, after deducting discounts and debt issuance costs, were approximately \$3.2 billion. The net proceeds from the offering of the August 2027 Notes will be used to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

fund eligible green projects and the net proceeds from the offering of the 2031 Notes and 2050 Notes will be used for general corporate purposes.

In April 2020, the Company issued fixed-rate senior notes in a public offering in an aggregate principal amount of \$4.0 billion with maturities of 7, 10 and 20 years. The April 2027 Notes, 2030 Notes and 2040 Notes, or collectively, the "April 2020 Notes", have interest rates of 1.90%, 2.05% and 2.70%, respectively. Interest on the April 2020 Notes is payable semi-annually on April 15 and October 15 of each year, commencing October 15, 2020. The net aggregate proceeds, after deducting discounts and debt issuance costs, were approximately \$4.0 billion. The net proceeds from the offering of the April 2020 Notes will be used for general corporate purposes.

Commercial Paper Program

Visa maintains a commercial paper program to support its working capital requirements and for other general corporate purposes. Under the program, the Company is authorized to issue up to \$3.0 billion in outstanding notes, with maturities up to 397 days from the date of issuance. As of September 30, 2021 and 2020, the Company had no outstanding obligations under the program.

Credit Facility

On July 25, 2019, the Company entered into an amended and restated credit agreement for a 5 year, unsecured \$5.0 billion revolving credit facility (the "Credit Facility"), which will expire on July 25, 2024. The Credit Facility is not governed by any financial covenants. This Credit Facility is maintained to ensure the integrity of the payment card settlement process and for general corporate purposes. Interest on borrowings under the Credit Facility will be charged at the London Interbank Offered Rate or an alternative base rate, in each case plus applicable margins that fluctuate based on the applicable credit rating of the Company's senior unsecured long-term debt. The Company has agreed to pay a commitment fee which will fluctuate based on such applicable rating of the Company. As of September 30, 2021 and 2020, the Company had no amounts outstanding under the Credit Facility.

At September 30, 2021, future principal payments on the Company's outstanding debt were as follows:

	For the Years Ending September 30,							(in millions)
	2022	2023	2024	2025	2026	Thereafter	Total	
	\$ 1,000	\$ 2,250	\$ —	\$ —	\$ 4,000	\$ 13,750	\$ 21,000	

Note 11—Pension and Other Postretirement Benefits

The Company sponsors various qualified and non-qualified defined benefit pension and other postretirement benefit plans that provide for retirement and medical benefits for all eligible employees residing in the U.S. The Company also sponsors other pension benefit plans that provide benefits for internationally-based employees at certain non-U.S. locations.

Disclosures presented below include the U.S. pension plans and the non-U.S. plans, comprising only the Visa Europe plans. Disclosures relating to other U.S. postretirement benefit plans and other non-U.S. pension benefit plans are not included as they are immaterial, individually and in aggregate. The Company uses a September 30 measurement date for its pension and other postretirement benefit plans.

Defined benefit pension plans. The U.S. pension benefits under the defined benefit pension plan were earned based on a cash balance formula. An employee's cash balance account was credited with an amount equal to 6% of eligible compensation plus interest based on 30-year Treasury securities. In October 2015, the Company's board of directors approved an amendment of the U.S. qualified defined benefit pension plan such that the Company discontinued employer provided credits after December 31, 2015. Plan participants continue to earn interest credits on existing balances at the time of the freeze.

The funding policy for the U.S. pension benefits is to contribute annually no less than the minimum required contribution under ERISA.

Under the Visa Europe plans, retirement benefits are provided based on the participants' final pensionable pay and are currently closed to new entrants. However, future benefits continue to accrue for active participants. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

funding policy is to contribute in accordance with the appropriate funding requirements agreed with the trustees of the UK pension plans. Additional funding amounts may be agreed to with the UK pension plan trustees.

Summary of Plan Activities

A reconciliation of pension benefit obligations, plan assets, funded status and amounts recognized in the Company's consolidated balance sheets were as follows:

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2021	2020	2021	2020
(in millions)				
Change in pension benefit obligation:				
Benefit obligation at beginning of period	\$ 920	\$ 919	\$ 563	\$ 528
Service cost	—	—	4	4
Interest cost	25	28	10	10
Actuarial (gain) loss	(8)	37	(53)	11
Benefit payments	(60)	(64)	(28)	(17)
Foreign currency exchange rate changes	—	—	24	27
Benefit obligation at end of period	<u>\$ 877</u>	<u>\$ 920</u>	<u>\$ 520</u>	<u>\$ 563</u>
Accumulated benefit obligation	<u>\$ 877</u>	<u>\$ 920</u>	<u>\$ 520</u>	<u>\$ 563</u>
Change in plan assets:				
Fair value of plan assets at beginning of period	\$ 1,142	\$ 1,090	\$ 525	\$ 490
Actual return on plan assets	205	114	9	5
Company contribution	1	2	21	22
Benefit payments	(60)	(64)	(28)	(17)
Foreign currency exchange rate changes	—	—	21	25
Fair value of plan assets at end of period	<u>\$ 1,288</u>	<u>\$ 1,142</u>	<u>\$ 548</u>	<u>\$ 525</u>
Funded status at end of period	<u>\$ 411</u>	<u>\$ 222</u>	<u>\$ 28</u>	<u>\$ (38)</u>
Recognized in consolidated balance sheets:				
Non-current asset	\$ 417	\$ 229	\$ 30	\$ —
Current liability	(1)	(1)	—	—
Non-current liability	(5)	(6)	(2)	(38)
Funded status at end of period	<u>\$ 411</u>	<u>\$ 222</u>	<u>\$ 28</u>	<u>\$ (38)</u>

Amounts recognized in accumulated other comprehensive income (loss) before tax consist of the following:

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2021	2020	2021	2020
(in millions)				
Net actuarial (gain) loss	\$ (11)	\$ 135	\$ 47	\$ 93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Benefit obligations in excess of plan assets were as follows:

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2021	2020	2021	2020
(in millions)				
Accumulated benefit obligation in excess of plan assets				
Accumulated benefit obligation at end of period	\$ (6)	\$ (7)	\$ (520)	\$ (563)
Fair value of plan assets at end of period	\$ —	\$ —	\$ 548	\$ 525
Projected benefit obligation in excess of plan assets				
Benefit obligation at end of period	\$ (6)	\$ (7)	\$ (520)	\$ (563)
Fair value of plan assets at end of period	\$ —	\$ —	\$ 548	\$ 525

Net periodic benefit cost consists of the following:

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2021	2020	2019	2021	2020	2019
(in millions)						
Service cost	\$ —	\$ —	\$ —	\$ 4	\$ 4	\$ 4
Interest cost	25	28	32	10	10	13
Expected return on assets	(70)	(72)	(71)	(17)	(15)	(18)
Amortization of actuarial (gain) loss	3	6	—	4	2	—
Settlement (gain) loss	(1)	8	7	2	—	—
Total net periodic benefit cost	\$ (43)	\$ (30)	\$ (32)	\$ 3	\$ 1	\$ (1)

The service cost component of net periodic benefit cost is presented in personnel expenses while the other components are presented in other non-operating income (expense) on the Company's consolidated statements of operations.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) consist of the following:

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2021	2020	2019	2021	2020	2019
(in millions)						
Current year actuarial (gain) loss	\$ (143)	\$ (5)	\$ 114	\$ (45)	\$ 21	\$ 27
Amortization of actuarial gain (loss)	(3)	(14)	(7)	(6)	(2)	—
Current year prior service cost	—	—	—	—	—	1
Total recognized in other comprehensive (income) loss	\$ (146)	\$ (19)	\$ 107	\$ (51)	\$ 19	\$ 28
Total recognized in net periodic benefit cost and other comprehensive (income) loss	\$ (189)	\$ (49)	\$ 75	\$ (48)	\$ 20	\$ 27

For the year ended September 30, 2021, the net gain was primarily attributable to market-driven increases in the fair value of plan assets combined with an increase in the discount rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Weighted-average actuarial assumptions used to estimate the benefit obligation and net periodic benefit cost were as follows:

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2021	2020	2019	2021	2020	2019
Discount rate for benefit obligation:						
Pension	2.98 %	2.88 %	3.26 %	2.10 %	1.60 %	1.80 %
Discount rate for net periodic benefit cost:						
Pension	2.88 %	3.27 %	4.23 %	1.60 %	1.80 %	2.90 %
Expected long-term rate of return on plan assets	6.50 %	7.00 %	7.00 %	3.50 %	3.00 %	3.00 %
Rate of increase⁽¹⁾ in compensation levels for:						
Benefit obligation	NA	NA	NA	2.50 %	2.50 %	2.50 %
Net periodic benefit cost	NA	NA	NA	2.50 %	2.50 %	2.50 %

⁽¹⁾ This assumption is not applicable for the U.S. plans due to the amendment of the U.S. qualified defined benefit pension plan in October 2015, which discontinued the employer provided credits effective after December 31, 2015.

The U.S. plans include a cash balance plan with promised interest crediting rates. Under the plan rules, for fiscal 2021, 2020 and 2019, the weighted average interest crediting rates for the benefit obligation were 1.98%, 1.88%, 2.26%, respectively, and the weighted average interest crediting rates for the benefit cost set at the beginning of the period were 1.88%, 2.26% and 3.23% for fiscal 2021, 2020 and 2019, respectively.

Pension Plan Assets

Pension plan assets are managed with a long-term perspective to ensure that there is an adequate level of assets to support benefit payments to participants over the life of the pension plan. Pension plan assets are managed by external investment managers. Investment manager performance is measured against benchmarks for each asset class on a quarterly basis. An independent consultant assists management with investment manager selections and performance evaluations.

Pension plan assets are broadly diversified to maintain a prudent level of risk and to provide adequate liquidity for benefit payments. The Company generally evaluates and rebalances pension plan assets, as appropriate, to ensure that allocations are consistent with its investment strategy and within target allocation ranges. For U.S. pension plan assets, the Company's investment strategy is to invest in the following: equity securities of 35% to 65%, fixed income securities of 43% to 53% and other, primarily consisting of cash equivalents to meet near term expected benefit payments and expenses, of up to 4%. At September 30, 2021, U.S. pension plan asset allocations for these categories were 50%, 48% and 2%, respectively, which were within target allocation ranges.

For non-U.S. pension plan assets, the Company's investment strategy is to invest in the following: equity funds of 12%, interest and inflation hedging assets of 50% and other of 38%, consisting of cash and cash equivalents, corporate debt and asset-backed securities, multi-asset funds and property. At September 30, 2021, non-U.S. pension plan asset allocations for these categories were 12%, 45% and 43%, respectively, which generally aligned with the target allocations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following tables set forth by level, within the fair value hierarchy, the pension plans' investments at fair value as of September 30, 2021 and 2020, including the impact of transactions that were not settled at the end of September:

	U.S. Plans											
	Fair Value Measurements at September 30 Using Inputs Considered as											
	Level 1		Level 2		Level 3				Total			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
(in millions)												
Cash equivalents	\$ 20	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20	\$ 17		
Collective investment funds	—	—	548	509	—	—	—	—	548	509		
Corporate debt securities	—	—	455	373	—	—	—	—	455	373		
U.S. government-sponsored debt securities	—	—	28	30	—	—	—	—	28	30		
U.S. Treasury securities	105	84	—	—	—	—	—	—	105	84		
Asset-backed securities	—	—	—	—	31	37	—	—	31	37		
Equity securities	101	92	—	—	—	—	—	—	101	92		
Total	\$ 226	\$ 193	\$ 1,031	\$ 912	\$ 31	\$ 37	\$ 1,288	\$ 1,142				

	Non-U.S. Plans											
	Fair Value Measurements at September 30 Using Inputs Considered as											
	Level 1		Level 2		Level 3				Total			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
(in millions)												
Cash and cash equivalents	\$ 18	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18	\$ 6		
Corporate debt securities	—	—	51	48	—	—	—	—	51	48		
Asset-backed securities	—	—	—	—	78	67	—	—	78	67		
Equity funds	—	—	68	65	—	—	—	—	68	65		
Multi-asset securities ⁽¹⁾	—	—	333	339	—	—	—	—	333	339		
Total	\$ 18	\$ 6	\$ 452	\$ 452	\$ 78	\$ 67	\$ 548	\$ 525				

⁽¹⁾ Multi-asset securities represent pension plan assets that are invested in funds comprised of broad ranges of assets.

Level 1 assets. Cash equivalents, which comprise of money market funds, U.S. Treasury securities and equity securities are classified as Level 1 within the fair value hierarchy, as fair value is based on unadjusted quoted prices in active markets for identical assets.

Level 2 assets. Collective investment funds are unregistered investment vehicles that generally commingle the assets of multiple fiduciary clients, such as pension and other employee benefit plans, to invest in a portfolio of stocks, bonds or other securities. Although the collective investment funds held by the plan are ultimately invested in publicly traded equity securities, their own unit values are not directly observable, and therefore they are classified as Level 2. Equity funds are investments in mutual funds that in-turn ultimately invest in equity securities of various jurisdictions. These are classified as level 2 as the equity funds held by the plan are not actively traded but the fair value of underlying securities are generally, although not always, determined with observable data and inputs. The fair values of corporate debt, multi-asset and U.S. government-sponsored securities are based on quoted prices in active markets for similar, not identical, assets.

Level 3 assets. Asset-backed securities are bonds that are backed by various types of assets and primarily consist of mortgage-backed securities. Asset-backed securities are classified as Level 3 due to a lack of observable inputs in measuring fair value.

[Table of Contents](#)

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Cash Flows

Expected future employer contributions and benefit payments are as follows:

	U.S. Plans (in millions)	Non-U.S. Plans (in millions)
Expected employer contributions		
2022	\$ 1	\$ 21
Expected benefit payments		
2022	\$ 122	\$ 8
2023	\$ 93	\$ 8
2024	\$ 84	\$ 9
2025	\$ 80	\$ 9
2026	\$ 72	\$ 9
2027-2031	\$ 278	\$ 50

Other Benefits

The Company sponsors a defined contribution plan, or 401(k) plan, that covers substantially all of its employees residing in the U.S. In fiscal 2021, 2020 and 2019, personnel costs included \$141 million, \$140 million, and \$121 million, respectively, of expenses attributable to the Company's employees under the 401(k) plan. The Company's contributions to this 401(k) plan are funded on a current basis, and the related expenses are recognized in the period that the payroll expenses are incurred.

Note 12—Settlement Guarantee Management

The Company indemnifies its clients for settlement losses suffered due to failure of any other client to fund its settlement obligations in accordance with the Visa operating rules. This indemnification creates settlement risk for the Company due to the difference in timing between the date of a payment transaction and the date of subsequent settlement.

Historically, the Company has experienced minimal losses as a result of its settlement risk guarantee. However, the Company's future obligations, which could be material under its guarantees, are not determinable as they are dependent upon future events.

The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time, which vary significantly day to day. During the year ended September 30, 2021, the Company's maximum daily settlement exposure was \$105.0 billion and the average daily settlement exposure was \$65.1 billion.

The Company maintains and regularly reviews global settlement risk policies and procedures to manage settlement exposure, which may require clients to post collateral if certain credit standards are not met. At September 30, 2021 and 2020, the Company held the following collateral to manage settlement exposure:

	September 30,	
	2021	2020
	(in millions)	
Restricted cash and restricted cash equivalents	\$ 2,260	\$ 1,850
Pledged securities at market value	254	228
Letters of credit	1,518	1,306
Guarantees	758	717
Total	\$ 4,790	\$ 4,101

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 13—Derivative Financial Instruments

As of September 30, 2021 and 2020, the aggregate notional amount of the Company's derivative contracts outstanding in its hedge program was \$11.2 billion and \$10.7 billion, respectively. As of September 30, 2021 and 2020, the aggregate notional amount of the derivative contracts not designated as hedging instruments was \$0.8 billion and \$1.6 billion, respectively.

As of September 30, 2021 and 2020, the following table shows the Company's derivative instruments at gross fair value:

	Balance Sheet Location	September 30,			
		2021	2020		
		(in millions)			
Assets					
Designated as Hedging Instrument:					
Foreign exchange contracts	Prepaid expenses and other current assets and other assets	\$ 270	\$ 257		
Interest rate swap	Other assets	\$ 138	\$ 248		
Not Designated as Hedging Instrument:					
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 2	\$ 7		
Liabilities					
Designated as Hedging Instrument:					
Foreign exchange contracts	Accrued liabilities	\$ 13	\$ 39		
Cross-currency swap	Other liabilities	\$ 90	\$ 137		
Not Designated as Hedging Instrument:					
Foreign exchange contracts	Accrued liabilities	\$ 6	\$ 5		

For fiscal 2021, 2020 and 2019, the Company recognized pre-tax net gains (losses) in other comprehensive income (loss) related to net investment hedges of \$20 million, (\$318) million and \$234 million, respectively. For fiscal 2021, 2020 and 2019, the Company recognized an increase in earnings of \$156 million, \$150 million and \$95 million, respectively, related to excluded forward points and interest differentials from forward contracts and swap agreements.

Credit and market risks. The Company's derivative financial instruments are subject to both credit and market risk. The Company monitors the credit-worthiness of the financial institutions that are counterparties to its derivative financial instruments and does not consider the risks of counterparty nonperformance to be significant. The Company mitigates this risk by entering into master netting agreements, and such agreements require each party to post collateral against its net liability position with the respective counterparty. As of September 30, 2021, the Company has received collateral of \$35 million from counterparties, which is included in accrued liabilities in the consolidated balance sheets, and posted collateral of \$9 million, which is included in prepaid expenses and other current assets in the consolidated balance sheets. Notwithstanding the Company's efforts to manage foreign exchange risk, there can be no absolute assurance that its hedging activities will adequately protect against the risks associated with foreign currency fluctuations. As of September 30, 2021, credit and market risks related to derivative instruments were not considered significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 14—Enterprise-wide Disclosures and Concentration of Business

The Company's long-lived net property and equipment and ROU assets are classified by major geographic areas as follows:

	September 30,	
	2021	2020
	(in millions)	
U.S.	\$ 1,286	\$ 1,350
International	596	558
Total	\$ 1,882	\$ 1,908

Revenues by geographic market is primarily based on the location of the issuing financial institution. Net revenues earned in the U.S. were approximately 46% of total net revenues in each of fiscal 2021 and fiscal 2020 and 45% of total net revenues in fiscal 2019. No individual country, other than the U.S., generated more than 10% of total net revenues in these years.

In fiscal 2021, the Company had one client that accounted for 11% of its total net revenues. In fiscal 2020, the Company had two clients that accounted for 11% and 10% of its total net revenues, respectively. In fiscal 2019, no clients generated greater than 10% of the Company's total net revenues.

Note 15—Stockholders' Equity

Series A preferred stock issuance. In September 2020, the Company issued 374,819 shares of series A preferred stock in connection with the Fourth anniversary release. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

As-converted class A common stock. The number of shares of each series and class, and the number of shares of class A common stock on an as-converted basis at September 30, 2021 and 2020, were as follows:

	September 30,					
	2021		2020		Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock ⁽¹⁾
	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock ⁽¹⁾	Shares Outstanding		
(in millions, except conversion rate)						
Series A preferred stock	— ⁽²⁾	100.0000	7	— ⁽²⁾	100.0000	35
Series B preferred stock	2	6.3210	16	2	6.3870	16
Series C preferred stock	3	6.8340	22	3	6.8610	22
Class A common stock ⁽³⁾	1,677	—	1,677	1,683	—	1,683
Class B common stock	245	1.6228 ⁽⁴⁾	398	245	1.6228 ⁽⁴⁾	398
Class C common stock	10	4.0000	41	11	4.0000	43
Total			2,161			2,197

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. As-converted class A common stock is calculated based on unrounded numbers.

⁽²⁾ The number of shares outstanding was less than one million.

⁽³⁾ Class A common stock shares outstanding reflect repurchases that settled on or before September 30, 2021 and 2020.

⁽⁴⁾ The class B to class A common stock conversion rate is presented on a rounded basis. Conversion calculations for dividend payments are based on a conversion rate rounded to the tenth decimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Reduction in as-converted shares. Under the terms of the Europe retrospective responsibility plan, the Company is entitled to recover VE territory covered losses through periodic adjustments to the class A common stock conversion rates applicable to the series B and C preferred stock. The recovery has the same economic effect on earnings per share as repurchasing the Company's class A common stock, because it reduces the series B and C preferred stock conversion rates and consequently, reduces the as-converted class A common stock share count. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

The following table presents the reduction in as-converted series B and C preferred stock after the Company recovered VE territory covered losses through conversion rate adjustments and the Fourth anniversary release:

	For the Years Ended September 30,					
	2021		2020		2019	
	Series B	Series C	Series B	Series C	Series B	Series C
(in millions, except per share data)						
Reduction in equivalent number of as-converted shares of class A common stock	— ⁽¹⁾	— ⁽¹⁾	16	22	— ⁽¹⁾	— ⁽¹⁾
Effective price per share ⁽²⁾	\$ 220.84	\$ 220.71	\$ 194.31	\$ 194.33	\$ 141.32	\$ 150.26
Recovery through conversion rate adjustment	\$ 35	\$ 20	\$ 72	\$ 92	\$ 6	\$ 2
Fourth anniversary release	\$ —	\$ —	\$ 3,084	\$ 4,216	\$ —	\$ —

⁽¹⁾ The reduction in equivalent number of shares of class A common stock was less than one million shares.

⁽²⁾ Effective price per share for each adjustment made during the year is calculated using the volume-weighted average price of the Company's class A common stock over a pricing period in accordance with the Company's current certificates of designations for its series B and C preferred stock. Effective price per share for each fiscal year is calculated using the weighted-average effective prices of the respective adjustments made during the year.

Under the terms of the U.S. retrospective responsibility plan, when the Company makes a deposit into the litigation escrow account, the shares of class B common stock are subject to dilution through a reduction to the conversion rate of the shares of class B common stock to shares of class A common stock. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

The following table presents the reduction in as-converted class B common stock after deposits into the litigation escrow account for the following fiscal years:

	For the Years Ended September 30,		
	2021 2020 2019		
	(in millions, except per share data)		
Reduction in equivalent number of as-converted shares of class A common stock	—	—	2
Effective price per share ⁽¹⁾	\$ —	\$ —	\$ 174.73
Deposits under the U.S. retrospective responsibility plan	\$ —	\$ —	\$ 300

⁽¹⁾ Effective price per share is calculated using the volume-weighted average price of the Company's class A common stock over a pricing period in accordance with the Company's current certificate of incorporation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Common stock repurchases. The following table presents share repurchases in the open market for the following fiscal years:

	For the Years Ended September 30,		
	2021	2020	2019
(in millions, except per share data)			
Shares repurchased in the open market ⁽¹⁾	40	44	56
Average repurchase price per share ⁽²⁾	\$ 219.03	\$ 183.00	\$ 154.01
Total cost ⁽²⁾	\$ 8,676	\$ 8,114	\$ 8,607

⁽¹⁾ Shares repurchased in the open market reflect repurchases that settled during fiscal 2021, 2020 and 2019. All shares repurchased in the open market have been retired and constitute authorized but unissued shares.

⁽²⁾ Figures in the table may not recalculate exactly due to rounding. Average repurchase price per share and total cost are calculated based on unrounded numbers.

In January 2020, the Company's board of directors authorized a \$9.5 billion share repurchase program and in January 2021, authorized an additional \$8.0 billion share repurchase program (the "January 2021 Program"). These authorizations have no expiration date. As of September 30, 2021, the Company's January 2021 Program had remaining authorized funds of \$4.8 billion. All share repurchase programs authorized prior to January 2021 have been completed.

Dividends. In fiscal 2021, 2020 and 2019, the Company declared and paid dividends of \$2.8 billion, \$2.7 billion and \$2.3 billion, respectively, at a quarterly rate of \$0.32, \$0.30 and \$0.25 per share, respectively. On October 22, 2021, the Company's board of directors declared a quarterly cash dividend of \$0.375 per share of class A common stock (determined in the case of class B and C common stock and series A, B and C preferred stock on an as-converted basis), which will be paid on December 7, 2021, to all holders of record of the Company's common and preferred stock as of November 12, 2021.

Class B common stock. The class B common stock is not convertible or transferable until the date on which all of the U.S. covered litigation has been finally resolved. This transfer restriction is subject to limited exceptions, including transfers to other holders of class B common stock. After termination of the restrictions, the class B common stock will be convertible into class A common stock if transferred to a person that was not a Visa Member (as defined in the current certificate of incorporation) or similar person or an affiliate of a Visa Member or similar person. Upon such transfer, each share of class B common stock will automatically convert into a number of shares of class A common stock based upon the applicable conversion rate in effect at the time of such transfer.

Adjustment of the conversion rate occurs upon: (i) the completion of any follow-on offering of class A common stock completed to increase the size of the U.S. litigation escrow account (or any cash deposit by the Company in lieu thereof) resulting in a further corresponding decrease in the conversion rate; or (ii) the final resolution of the U.S. covered litigation and the release of funds remaining on deposit in the U.S. litigation escrow account to the Company resulting in a corresponding increase in the conversion rate. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

Class C common stock. As of September 30, 2021, all of the shares of class C common stock have been released from transfer restrictions. A total of 141 million shares have been converted from class C to class A common stock upon their sale into the public market.

Preferred stock. In connection with the Visa Europe acquisition, three new series of preferred stock of the Company were created. Upon issuance, all of the preferred stock participate on an as-converted basis in regular quarterly cash dividends declared on the Company's class A common stock. Preferred stock may be issued as redeemable or non-redeemable, and has preference over any class of common stock with respect to the payment of dividends and distribution of the Company's assets in the event of a liquidation or dissolution.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The series B and C preferred stock is convertible upon certain conditions into shares of class A common stock or series A preferred stock. The shares of series B and C preferred stock are subject to restrictions on transfer and may become convertible in stages based on developments in the VE territory covered litigation. The shares of series B and C preferred stock will become fully convertible on the 12th anniversary of the closing of the Visa Europe acquisition, subject only to a holdback to cover any then-pending claims. Upon any such conversion of the series B and C preferred stock (whether by such 12th anniversary, or thereafter with respect to claims pending on such anniversary), the conversion rate would be adjusted downward and the holder would receive either class A common stock or series A preferred stock (for those who are not eligible to hold class A common stock pursuant to the Company's charter). The conversion rates may also be reduced from time to time to offset certain liabilities.

The series A preferred stock, generally designed to be economically equivalent to the Company's class A common stock, is freely transferable and each share of series A preferred stock will automatically convert into 100 shares of class A common stock upon a transfer to any holder that is eligible to hold class A common stock under the charter. See *Note 5—U.S. and Europe Retrospective Responsibility Plans*.

Voting rights. The holders of the series B and C preferred stock have no right to vote on any matters, except for certain defined matters, including, in specified circumstances, any consolidation, merger, combination or similar transaction of the Company in which the preferred stockholders would either (i) receive shares of common stock or other equity securities of the Company with preferences, rights and privileges that are not substantially identical to the preferences, rights and privileges of the applicable series of preferred stock or (ii) receive securities, cash or other property that is different from what the Company's class A common stockholders would receive. With respect to these limited matters on which the holders of preferred stock may vote, approval by the preferred stockholders requires the affirmative vote of the outstanding voting power of each such series of preferred stock, each such series voting as a single class. In either case, the series B and C preferred stockholders are entitled to cast a number of votes equal to the number of shares held by each such holder. Holders of the series A preferred stock, upon issuance at conversion, will have similar voting rights to the rights of the holders of the series B and C preferred stock.

Class A common stockholders have the right to vote on all matters on which stockholders generally are entitled to vote. Class B and C common stockholders have no right to vote on any matters, except for certain defined matters, including (i) any decision to exit the core payments business, in which case the class B and C common stockholders will vote together with the class A common stockholders in a single class, and (ii) in specified circumstances, any consolidation, merger, combination or similar transaction of the Company, in which case the class B and C common stockholders will vote together as a single class. In either case, the class B and C common stockholders are entitled to cast a number of votes equal to the number of shares of class B or C common stock held multiplied by the applicable conversion rate in effect on the record date. Holders of the Company's common stock have no right to vote on any amendment to the current certificate of incorporation that relates solely to any series of preferred stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021**Note 16—Earnings Per Share**

Basic earnings per share is computed by dividing net income available to each class of shares by the weighted-average number of shares of common stock outstanding and participating securities during the period. Participating securities include the Company's series A, B and C preferred stock and restricted stock units ("RSUs") that contain non-forfeitable rights to dividends or dividend equivalents. Net income is allocated to each class of common stock and participating securities based on its proportional ownership on an as-converted basis. The weighted-average number of shares outstanding of each class of common stock reflects changes in ownership over the periods presented. See Note 15—Stockholders' Equity.

Diluted earnings per share is computed by dividing net income available by the weighted-average number of shares of common stock outstanding, participating securities and, if dilutive, potential class A common stock equivalent shares outstanding during the period. Dilutive class A common stock equivalents may consist of: (1) shares of class A common stock issuable upon the conversion of series A, B and C preferred stock and class B and C common stock based on the conversion rates in effect through the period, and (2) incremental shares of class A common stock calculated by applying the treasury stock method to the assumed exercise of employee stock options, the assumed purchase of stock under the Company's Employee Stock Purchase Plan and the assumed vesting of unearned performance shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table presents earnings per share for fiscal 2021:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 9,527	1,691	\$ 5.63	\$ 12,311	2,188 ⁽³⁾	\$ 5.63
Class B common stock	2,244	245	\$ 9.14	2,242	245	\$ 9.13
Class C common stock	237	10	\$ 22.53	236	10	\$ 22.51
Participating securities	303	Not presented	Not presented	303	Not presented	Not presented
Net income	\$ 12,311					

The following table presents earnings per share for fiscal 2020:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 8,310	1,697	\$ 4.90	\$ 10,866	2,223 ⁽³⁾	\$ 4.89
Class B common stock	1,951	245	\$ 7.94	1,948	245	\$ 7.93
Class C common stock	214	11	\$ 19.58	214	11	\$ 19.56
Participating securities	391	Not presented	Not presented	391	Not presented	Not presented
Net income	\$ 10,866					

The following table presents earnings per share for fiscal 2019:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 9,273	1,742	\$ 5.32	\$ 12,080	2,272 ⁽³⁾	\$ 5.32
Class B common stock	2,130	245	\$ 8.68	2,127	245	\$ 8.66
Class C common stock	247	12	\$ 21.30	246	12	\$ 21.26
Participating securities	430	Not presented	Not presented	429	Not presented	Not presented
Net income	\$ 12,080					

(1) Net income is allocated based on proportional ownership on an as-converted basis. The weighted-average number of shares of as-converted class B common stock used in the income allocation was 398 million for each of fiscal 2021 and 2020 and 400 million for fiscal 2019. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 42 million, 44 million and 46 million for fiscal 2021, 2020 and 2019, respectively. The weighted-average number of shares of preferred stock included within participating securities was 12 million and 1 million of as-converted series A preferred stock for fiscal 2021 and 2020, respectively, 16 million of as-converted series B preferred stock for fiscal 2021 and 32 million of as-converted series B preferred stock for each of fiscal 2020 and 2019, and 22 million, 43 million, and 44 million of as-converted series C preferred stock for fiscal 2021, 2020 and 2019, respectively.

(2) Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated based on unrounded numbers.

(3) Weighted-average diluted shares outstanding are calculated on an as-converted basis, and include incremental common stock equivalents, as calculated under the treasury stock method. The common stock equivalents are not material for each of fiscal 2021, 2020 and 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 17—Share-based Compensation**2007 Equity Incentive Compensation Plan**

The Company's 2007 Equity Incentive Compensation Plan, or the EIP, authorizes the compensation committee of the board of directors to grant non-qualified stock options ("options"), restricted stock awards, RSUs and performance-based shares to its employees and non-employee directors. On January 26, 2021, the EIP was amended to extend the termination date from January 31, 2022 to January 26, 2031 and reduce the number of shares of class A common stock authorized for grant from 236 million to 198 million. Shares available for grant may be either authorized and unissued or previously issued shares subsequently acquired by the Company. Under the amended EIP, shares withheld for taxes, or shares used to pay the exercise or purchase price of an award, shall not again be available for future grant. The EIP will continue to be in effect until all of the common stock available under the EIP is delivered and all restrictions on those shares have lapsed, unless the EIP is terminated earlier by the Company's board of directors.

For fiscal 2021, 2020 and 2019, the Company recorded share-based compensation cost related to the EIP of \$518 million, \$393 million and \$388 million, respectively, in personnel expense on its consolidated statements of operations. The related tax benefits for fiscal 2021, 2020 and 2019 were \$73 million, \$63 million and \$59 million, respectively.

Options

Options issued under the EIP expire 10 years from the date of grant and primarily vest ratably over 3 years from the date of grant, subject to earlier vesting in full under certain conditions.

During fiscal 2021, 2020 and 2019, the fair value of each stock option was estimated on the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Years Ended September 30,		
	2021	2020	2019
Expected term (in years) ⁽¹⁾	4.07	4.03	3.98
Risk-free rate of return ⁽²⁾	0.3 %	1.6 %	2.9 %
Expected volatility ⁽³⁾	25.1 %	18.7 %	20.2 %
Expected dividend yield ⁽⁴⁾	0.6 %	0.7 %	0.7 %
Fair value per option granted	\$ 39.51	\$ 29.37	\$ 25.89

(1) Based on Visa's historical exercise experience.

(2) Based upon the zero coupon U.S. treasury bond rate over the expected term of the awards.

(3) Based on the Company's implied and historical volatilities.

(4) Based on the Company's annual dividend rate on the date of grant.

[Table of Contents](#)

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table summarizes the Company's option activity for fiscal 2021:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾ (in millions)
Outstanding at September 30, 2020	5,786,549	\$ 114.61		
Granted	1,022,430	\$ 207.57		
Forfeited	(57,107)	\$ 179.38		
Expired	—	\$ —		
Exercised	(912,093)	\$ 87.06		
Outstanding at September 30, 2021	5,839,779	\$ 134.56	6.56	\$ 515
Options exercisable at September 30, 2021	<u>3,736,509</u>	\$ 105.05	5.55	\$ 440
Options exercisable and expected to vest at September 30, 2021 ⁽²⁾	5,783,092	\$ 133.93	6.54	\$ 514

⁽¹⁾ Calculated using the closing stock price on the last trading day of fiscal 2021 of \$222.75, less the option exercise price, multiplied by the number of instruments.

⁽²⁾ Applied a forfeiture rate to unvested options outstanding at September 30, 2021 to estimate the options expected to vest in the future.

During fiscal 2021, 2020 and 2019, the total intrinsic value of options exercised was \$124 million, \$146 million and \$107 million, respectively, and the tax benefit realized was \$23 million, \$31 million and \$23 million, respectively. As of September 30, 2021, there was \$23 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted-average period of approximately 0.42 years.

Restricted Stock Units

RSUs issued under the EIP primarily vest ratably over 3 years from the date of grant, subject to earlier vesting in full under certain conditions. Upon vesting, RSUs can be settled in class A common stock on a one-for-one basis or in cash, or a combination thereof, at the Company's option. The Company does not currently intend to settle any RSUs in cash. During the vesting period, RSU award recipients are eligible to receive dividend equivalents, but do not participate in the voting rights granted to the holders of the underlying class A common stock.

The fair value and compensation cost before estimated forfeitures for RSUs is calculated using the closing price of class A common stock on the date of grant. During fiscal 2021, 2020 and 2019, the weighted-average grant date fair value of RSUs granted was \$209.00, \$183.61 and \$137.38, respectively. During fiscal 2021, 2020 and 2019, the total grant date fair value of RSUs vested was \$331 million, \$284 million and \$228 million, respectively.

The following table summarizes the Company's RSU activity for fiscal 2021:

	Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾ (in millions)
Outstanding at September 30, 2020	4,690,500	\$ 154.06		
Granted	2,486,219	\$ 209.00		
Vested	(2,327,105)	\$ 142.35		
Forfeited	(323,166)	\$ 183.46		
Outstanding at September 30, 2021	4,526,448	\$ 188.16	0.87	\$ 1,008

⁽¹⁾ Calculated by multiplying the closing stock price on the last trading day of fiscal 2021 of \$222.75 by the number of instruments.

At September 30, 2021, there was \$452 million of total unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over a weighted-average period of approximately 0.87 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Performance-based Shares

For the Company's performance-based shares, in addition to service conditions, the ultimate number of shares to be earned depends on the achievement of both performance and market conditions. The performance condition is based on the Company's earnings per share target. The market condition is based on the Company's total shareholder return ranked against that of other companies that are included in the Standard & Poor's 500 Index. For fiscal 2021, the fair value of the performance-based shares incorporating the market condition is estimated on the grant date using a Monte Carlo simulation model with the following weighted-average assumptions: risk-free rate of return of 0.2%, expected term of 2 years, expected volatility of 27.2% and expected dividend yield of 0.6%. In fiscal 2021, 2020 and 2019, the weighted-average grant date fair value of performance-based shares granted was \$229.81, \$211.08 and \$153.42 per share, respectively. Performance-based shares vest over three years and are subject to earlier vesting in full under certain conditions. During fiscal 2021, 2020 and 2019, the total grant date fair value of performance-based shares vested and earned was \$47 million, \$65 million and \$41 million, respectively. Compensation cost for performance-based shares is initially estimated based on target performance. It is recorded net of estimated forfeitures and adjusted as appropriate throughout the performance period.

The following table summarizes the maximum number of performance-based shares which could be earned and related activity for fiscal 2021:

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾ (in millions)
Outstanding at September 30, 2020	994,800	\$ 171.33		
Granted ⁽²⁾	432,714	\$ 229.81		
Vested and earned	(359,894)	\$ 130.98		
Unearned	(203,760)	\$ 224.79		
Forfeited	—	\$ —		
Outstanding at September 30, 2021	863,860	\$ 204.82	0.82	\$ 192

⁽¹⁾ Calculated by multiplying the closing stock price on the last trading day of fiscal 2021 of \$222.75 by the number of instruments.

⁽²⁾ Represents the maximum number of performance-based shares which could be earned.

At September 30, 2021, there was \$40 million of total unrecognized compensation cost related to unvested performance-based shares, which is expected to be recognized over a weighted-average period of approximately 0.82 years.

Employee Stock Purchase Plan

The Visa Inc. Employee Stock Purchase Plan (the "ESPP") permits eligible employees to purchase the Company's class A common stock at a 15% discount of the stock price on the purchase date, subject to certain restrictions. A total of 20 million shares of class A common stock have been reserved for issuance under the ESPP. In fiscal 2021, 2020 and 2019, the ESPP did not have a material impact on the consolidated financial statements.

Note 18—Commitments and Contingencies

Commitments. The Company has software licenses throughout the world with varying expiration dates. At September 30, 2021, future minimum payments on software licenses are as follows:

	For the Years Ending September 30,							Total
	2022	2023	2024	2025	2026	Thereafter	(in millions)	
Software licenses	\$ 97	\$ 35	\$ 7	\$ 6	\$ —	\$ —	\$ 145	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

Note 19—Income Taxes

The Company's income before taxes by fiscal year consisted of the following:

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
U.S.	\$ 11,002	\$ 9,178	\$ 9,536
Non-U.S.	5,061	4,612	5,348
Total income before taxes	\$ 16,063	\$ 13,790	\$ 14,884

For fiscal 2021, U.S. income before taxes included \$3.1 billion, and for fiscal 2020 and 2019 included \$3.0 billion, of the Company's U.S. entities' income from operations outside of the U.S.

Income tax provision by fiscal year consisted of the following:

	For the Years Ended September 30,		
	2021	2020	2019
	(in millions)		
Current:			
U.S. federal	\$ 1,943	\$ 1,662	\$ 1,504
State and local	69	212	243
Non-U.S.	869	743	843
Total current taxes	2,881	2,617	2,590
Deferred:			
U.S. federal	(57)	42	184
State and local	(28)	9	28
Non-U.S.	956	256	2
Total deferred taxes	871	307	214
Total income tax provision	\$ 3,752	\$ 2,924	\$ 2,804

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

At September 30, 2021 and 2020, the tax effect of temporary differences that give rise to significant portions of deferred tax assets and liabilities, are presented below:

	September 30,	
	2021	2020
	(in millions)	
Deferred Tax Assets:		
Accrued compensation and benefits	\$ 166	\$ 114
Accrued litigation obligation	234	204
Client incentives	327	121
Net operating loss carryforwards	104	80
Comprehensive loss	106	148
Federal benefit of state taxes	157	203
Other	55	60
Valuation allowance	(103)	(84)
Deferred tax assets	1,046	846
Deferred Tax Liabilities:		
Property, equipment and technology, net	(346)	(343)
Intangible assets	(6,452)	(5,492)
Unrealized gains on equity securities	(203)	(48)
Foreign taxes	(93)	(137)
Deferred tax liabilities	(7,094)	(6,020)
Net deferred tax liabilities	\$ (6,048)	\$ (5,174)

On June 10, 2021, the UK enacted legislation that increases the tax rate from 19% to 25%, effective April 1, 2023. As a result, the Company recorded a \$1.0 billion non-recurring, non-cash tax expense related to the remeasurement of its UK deferred tax liabilities, primarily related to intangibles recorded upon the acquisition of Visa Europe in fiscal 2016. The increase in deferred tax liabilities reflects the remeasurement of UK deferred tax liabilities.

The American Rescue Plan Act of 2021 (the “ARP Act”) was enacted in the U.S. on March 11, 2021. The ARP Act did not have a material impact on the Company’s financial results.

At September 30, 2021 and 2020, net deferred tax assets of \$80 million and \$63 million, respectively, are reflected in other assets on the consolidated balance sheets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. The fiscal 2021 and 2020 valuation allowances relate primarily to foreign net operating losses from subsidiaries acquired in recent years.

As of September 30, 2021, the Company had \$42 million federal, \$15 million state and \$390 million foreign net operating loss carryforwards from acquired subsidiaries. Federal net operating loss carryforwards generated in years prior to fiscal 2018 will expire in fiscal 2034 through 2037. State net operating loss carryforwards will expire in fiscal 2028 through 2035. Federal net operating losses generated after fiscal 2017 and foreign net operating losses may be carried forward indefinitely. The Company expects to fully utilize the state net operating loss carryforwards in future years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The income tax provision differs from the amount of income tax determined by applying the applicable U.S. federal statutory rate to pretax income, as a result of the following:

	For the Years Ended September 30,					
	2021		2020		2019	
	(in millions, except percentages)					
U.S. federal income tax at statutory rate	\$ 3,373	21 %	\$ 2,896	21 %	\$ 3,126	21 %
State income taxes, net of federal benefit	222	1 %	199	2 %	223	2 %
Non-U.S. tax effect, net of federal benefit	(505)	(3 %)	(483)	(4 %)	(527)	(4 %)
Remeasurement of deferred tax balances	1,007	6 %	329	2 %	—	— %
Conclusion of audits	(255)	(2 %)	—	— %	—	— %
Other, net	(90)	— %	(17)	— %	(18)	— %
Income tax provision	\$ 3,752	23 %	\$ 2,924	21 %	\$ 2,804	19 %

In fiscal 2021 and fiscal 2020, the effective income tax rate was 23% and 21%, respectively. The effective tax rate in fiscal 2021 differs from the effective tax rate in fiscal 2020 primarily due to the following:

- during fiscal 2021, a \$1.0 billion non-recurring non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed above;
- during fiscal 2021, \$255 million of tax benefits recognized as a result of the conclusion of audits by taxing authorities; and
- during fiscal 2020, a \$329 million non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed below.

In fiscal 2020 and fiscal 2019, the effective income tax rate was 21% and 19%, respectively. The effective tax rate in fiscal 2020 differs from the effective tax rate in fiscal 2019 mainly due to a \$329 million non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as a result of the enactment of UK legislation on July 22, 2020 that repealed the previous tax rate reduction from 19% to 17% that was effective April 1, 2020.

Current income taxes receivable at September 30, 2021 and 2020 of \$83 million and \$93 million, respectively, were included in prepaid expenses and other current assets. Non-current income taxes receivable at September 30, 2021 and 2020 of \$974 million and \$988 million, respectively, were included in other assets. Income taxes payable at September 30, 2021 and 2020 of \$325 million and \$134 million, respectively, were included in accrued liabilities. Accrued income taxes at September 30, 2021 and 2020 of \$2.4 billion and \$2.8 billion, respectively, were included in other liabilities.

The Company's operating hub in the Asia Pacific region is located in Singapore. Effective October 1, 2008 through September 30, 2023, it is subject to a tax incentive which is conditional upon meeting certain business operations and employment thresholds in Singapore. The tax incentive decreased Singapore tax by \$273 million, \$280 million and \$324 million, and the gross benefit of the tax incentive on diluted earnings per share was \$0.12, \$0.13 and \$0.14 in fiscal 2021, 2020 and 2019, respectively.

In accordance with *Accounting Standards Codification 740—Income Taxes*, the Company is required to inventory, evaluate and measure all uncertain tax positions taken or to be taken on tax returns, and to record liabilities for the amount of such positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities.

At September 30, 2021, 2020, and 2019, the Company's total gross unrecognized tax benefits were \$2.5 billion, \$2.6 billion and \$2.2 billion, respectively, exclusive of interest and penalties described below. Included in the \$2.5 billion, \$2.6 billion and \$2.2 billion are \$1.3 billion, \$1.6 billion and \$1.4 billion of unrecognized tax benefits, respectively, that if recognized, would reduce the effective tax rate in a future period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

A reconciliation of beginning and ending unrecognized tax benefits by fiscal year is as follows:

	2021	2020	2019
	(in millions)		
Balance at beginning of period	\$ 2,579	\$ 2,234	\$ 1,658
Increases of unrecognized tax benefits related to prior years	34	66	216
Decreases of unrecognized tax benefits related to prior years	(386)	(83)	(13)
Increases of unrecognized tax benefits related to current year	326	376	384
Decreases related to settlements with taxing authorities	(63)	(12)	(9)
Reductions related to lapsing statute of limitations	(2)	(2)	(2)
Balance at end of period	\$ 2,488	\$ 2,579	\$ 2,234

In fiscal 2021, 2020 and 2019, the Company recognized \$1 million, \$68 million and \$66 million of net interest expense, respectively, related to uncertain tax positions. In fiscal 2021, 2020 and 2019, the Company accrued penalties related to uncertain tax positions of \$3 million, \$4 million and \$5 million, respectively. At September 30, 2021 and 2020, the Company had accrued interest of \$233 million, and accrued penalties of \$34 million and \$31 million, respectively, related to uncertain tax positions included in other long-term liabilities in its consolidated balance sheets.

The Company's U.S. federal income tax returns for fiscal 2013 through 2018 and refund claims filed for fiscal 2008 through 2012 are currently under examination. The Company's California income tax returns for fiscal 2012 through 2015 and refund claims filed for fiscal 2006 through 2011 are currently under examination. Except for the refund claims, the federal and California statutes of limitations have expired for fiscal years prior to 2012.

In September 2020, the Company accepted a settlement offer related to the examination of Canadian tax returns dating back to fiscal 2003, which was subject to approval by the Tax Court of Canada. On January 21, 2021, the Tax Court of Canada approved the settlement agreement related to the examination. The Company's income tax provision was adjusted to reflect the estimated impact of the settlement in fiscal 2020.

The India tax authorities completed the assessment of the Company's income tax returns for the taxable years falling within the period from fiscal 2010 to 2018, and made certain adjustments. The Company objected to these adjustments and filed appeals to the appellate authorities. While the timing and outcome of the final resolution of these appeals are uncertain, the Company believes that its income tax provision adequately reflects its income tax obligations in India.

The Company is also subject to examinations by various state and foreign tax authorities. All material state and foreign tax matters have been concluded for years through fiscal 2007. The timing and outcome of the final resolutions of the federal, state and foreign tax examinations and refund claims are uncertain. As such, it is not reasonably possible to estimate the impact that the final outcomes could have on the Company's unrecognized tax benefits in the next 12 months.

Note 20—Legal Matters

The Company is party to various legal and regulatory proceedings. Some of these proceedings involve complex claims that are subject to substantial uncertainties and unascertainable damages. Accordingly, except as disclosed, the Company has not established reserves or ranges of possible loss related to these proceedings, as at this time in the proceedings, the matters do not relate to a probable loss and/or the amount or range of losses are not reasonably estimable. Although the Company believes that it has strong defenses for the litigation and regulatory proceedings described below, it could, in the future, incur judgments or fines or enter into settlements of claims that could have a material adverse effect on the Company's financial position, results of operations or cash flows. From time to time, the Company may engage in settlement discussions or mediations with respect to one or more of its outstanding litigation matters, either on its own behalf or collectively with other parties.

The litigation accrual is an estimate and is based on management's understanding of its litigation profile, the specifics of each case, advice of counsel to the extent appropriate and management's best estimate of incurred loss as of the balance sheet date.

[Table of Contents](#)

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

The following table summarizes the activity related to accrued litigation by fiscal year:

	2021	2020
	(in millions)	
Balance at beginning of period	\$ 914	\$ 1,203
Provision for uncovered legal matters	4	10
Provision for covered legal matters	125	26
Reestablishment of prior accrual related to interchange multidistrict litigation	—	467
Payments for legal matters	(60)	(792)
Balance at end of period	\$ 983	\$ 914

Accrual Summary—U.S. Covered Litigation

Visa Inc., Visa U.S.A. and Visa International are parties to certain legal proceedings that are covered by the U.S. retrospective responsibility plan, which the Company refers to as the U.S. covered litigation. An accrual for the U.S. covered litigation and a charge to the litigation provision are recorded when a loss is deemed to be probable and reasonably estimable. In making this determination, the Company evaluates available information, including but not limited to actions taken by the litigation committee. The total accrual related to the U.S. covered litigation could be either higher or lower than the escrow account balance. See further discussion below under *Interchange Multidistrict Litigation (MDL) – Individual Merchant Actions* and *Note 5—U.S. and Europe Retrospective Responsibility Plans*.

The following table summarizes the accrual activity related to U.S. covered litigation by fiscal year:

	2021	2020
	(in millions)	
Balance at beginning of period	\$ 888	\$ 1,198
Reestablishment of prior accrual related to interchange multidistrict litigation	—	467
Payments for U.S. covered litigation	(7)	(777)
Balance at end of period	\$ 881	\$ 888

Accrual Summary—VE Territory Covered Litigation

Visa Inc., Visa International and Visa Europe are parties to certain legal proceedings that are covered by the Europe retrospective responsibility plan. Unlike the U.S. retrospective responsibility plan, the Europe retrospective responsibility plan does not have an escrow account that is used to fund settlements or judgments. The Company is entitled to recover VE territory covered losses through periodic adjustments to the conversion rates applicable to the series B and C preferred stock. An accrual for the VE territory covered losses and a reduction to stockholders' equity will be recorded when the loss is deemed to be probable and reasonably estimable. See further discussion below under *VE Territory Covered Litigation* and *Note 5—U.S. and Europe Retrospective Responsibility Plans*.

The following table summarizes the accrual activity related to VE territory covered litigation by fiscal year:

	2021	2020
	(in millions)	
Balance at beginning of period	\$ 21	\$ 5
Accrual for VE territory covered litigation	125	26
Payments for VE territory covered litigation	(44)	(10)
Balance at end of period	\$ 102	\$ 21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021**U.S. Covered Litigation***Interchange Multidistrict Litigation (MDL) – Putative Class Actions*

Beginning in May 2005, a series of complaints (the majority of which were styled as class actions) were filed in U.S. federal district courts by merchants against Visa U.S.A., Visa International and/or Mastercard, and in some cases, certain U.S. financial institutions. The Judicial Panel on Multidistrict Litigation issued an order transferring the cases to the U.S. District Court for the Eastern District of New York for coordination of pre-trial proceedings in MDL 1720. A group of purported class plaintiffs subsequently filed amended and supplemental class complaints. The individual and class complaints generally challenged, among other things, Visa's and Mastercard's purported setting of interchange reimbursement fees, their "no surcharge" and honor-all-cards rules, alleged tying and bundling of transaction fees, and Visa's reorganization and IPO, under the federal antitrust laws and, in some cases, certain state unfair competition laws. The complaints sought money damages, declaratory and injunctive relief, attorneys' fees and, in one instance, an order that the IPO be unwound.

Visa Inc., Visa U.S.A., Visa International, Mastercard Incorporated, Mastercard International Incorporated, various U.S. financial institution defendants, and the class plaintiffs signed a settlement agreement (the "2012 Settlement Agreement") to resolve the class plaintiffs' claims. Pursuant to the 2012 Settlement Agreement, the Company deposited approximately \$4.0 billion from the U.S. litigation escrow account and approximately \$500 million attributable to interchange reductions for an eight-month period into court-authorized settlement accounts. Visa subsequently received from the Court and deposited into the Company's U.S. litigation escrow account "takedown payments" of approximately \$1.1 billion. On June 30, 2016, the U.S. Court of Appeals for the Second Circuit vacated the lower court's certification of the merchant class, reversed the approval of the settlement, and remanded the case to the lower court for further proceedings.

On remand, the district court entered an order appointing interim counsel for two putative classes of plaintiffs, a "Damages Class" and an "Injunctive Relief Class." The plaintiffs purporting to act on behalf of the putative Damages Class subsequently filed a Third Consolidated Amended Class Action Complaint, seeking money damages and attorneys' fees, among other relief. A new group of purported class plaintiffs, acting on behalf of the putative Injunctive Relief Class, filed a class action complaint against Visa, Mastercard, and certain bank defendants seeking, among other things, an injunction against the setting of default interchange rates; against certain Visa operating rules relating to merchants, including the honor-all-cards rule; and against various transaction fees, including the fixed acquirer network fee, as well as attorneys' fees.

On September 17, 2018, Visa, Mastercard, and certain U.S. financial institutions reached an agreement with plaintiffs purporting to act on behalf of the putative Damages Class to resolve all Damages Class claims (the "Amended Settlement Agreement"), subject to court approval. The Amended Settlement Agreement supersedes the 2012 Settlement Agreement and includes, among other terms, a release from participating class members for liability arising out of conduct alleged by the Damages Class in the litigation, including claims that accrue no later than five years after the Amended Settlement Agreement becomes final. Participating class members will not release injunctive relief claims as a named representative or non-representative class member in the putative Injunctive Relief Class. The Amended Settlement Agreement also required an additional settlement payment from all defendants totaling \$900 million, with the Company's share of \$600 million paid from the Company's litigation escrow account established pursuant to the Company's retrospective responsibility plan. See Note 5 —U.S. and Europe Retrospective Responsibility Plans. The additional settlement payment was added to the approximately \$5.3 billion previously deposited into settlement accounts by the defendants pursuant to the 2012 Settlement Agreement.

Following a motion by the Damages Class plaintiffs for final approval of the Amended Settlement Agreement, certain merchants in the proposed settlement class objected to the settlement and/or submitted requests to opt out of the settlement class. On December 13, 2019, the district court granted final approval of the Amended Settlement Agreement relating to claims by the Damages Class, which was subsequently appealed. Based on the percentage of class members (by payment volume) that opted out of the class, \$700 million was returned to defendants. Visa's portion of the takedown payment was calculated to be approximately \$467 million, and upon receipt, was deposited into the U.S. litigation escrow account with a corresponding increase in accrued litigation to address opt-out claims.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021

On May 29, 2020, a complaint was filed by Old Jericho Enterprise, Inc. against Visa and Mastercard on behalf of a purported class of gasoline retailers operating in 24 states and the District of Columbia. On April 28, 2021, a complaint was filed by Hayley Lanning and others, and on June 16, 2021, a complaint was filed by Camp Grounds Coffee and others, each against Visa and Mastercard on behalf of a purported class of merchants located in 25 states and the District of Columbia who have taken payment using the Square card acceptance service. Each of these complaints alleges violations of the antitrust laws of those jurisdictions and seeks recovery for plaintiffs as indirect purchasers. To the extent that these plaintiffs' claims are not released by the Amended Settlement Agreement, Visa believes they are covered by the U.S. Retrospective Responsibility Plan.

On June 1, 2020, Visa, jointly with other defendants, served a motion for summary judgment regarding the claims in the Injunctive Relief Class complaint. The putative Injunctive Relief Class plaintiffs served a motion for partial summary judgment. On September 27, 2021, the district court certified without opt out rights an Injunctive Relief Class consisting of all merchants that accept Visa or Mastercard credit or debit cards in the United States at any time between December 18, 2020 and entry of final judgment.

Interchange Multidistrict Litigation (MDL) – Individual Merchant Actions

Since May 2013, more than 50 cases have been filed in or removed to various federal district courts by hundreds of merchants generally pursuing damages claims on allegations similar to those raised in MDL 1720. The cases name as defendants Visa Inc., Visa U.S.A., Visa International, Mastercard Incorporated and Mastercard International Incorporated, although some also include certain U.S. financial institutions as defendants. A number of the cases include allegations that Visa has monopolized, attempted to monopolize, and/or conspired to monopolize debit card-related market segments. Some of the cases seek an injunction against the setting of default interchange rates; certain Visa operating rules relating to merchants, including the honor-all-cards rule; and various transaction fees, including the fixed acquirer network fee. In addition, some cases assert that Visa, Mastercard and/or their member banks conspired to prevent the adoption of chip-and-PIN authentication in the U.S. or otherwise circumvent competition in the debit market. Certain individual merchants have filed amended complaints to, among other things, add claims for injunctive relief and update claims for damages.

In addition to the cases filed by individual merchants, Visa, Mastercard, and/or certain U.S. financial institution defendants in MDL 1720 filed complaints against certain merchants in the Eastern District of New York seeking, in part, a declaration that Visa's conduct did not violate federal or state antitrust laws.

The individual merchant actions described in this section have been either assigned to the judge presiding over MDL 1720, or have been transferred or are being considered for transfer by the Judicial Panel on Multidistrict Litigation for inclusion in MDL 1720. These individual merchant actions are U.S. covered litigation for purposes of the U.S. retrospective responsibility plan. See *Note 5—U.S. and Europe Retrospective Responsibility Plans*.

Visa has reached settlements with a number of merchants representing approximately 40% of the Visa-branded payment card sales volume of merchants who opted out of the Amended Settlement Agreement with the Damages Class plaintiffs.

On June 1, 2020, Visa, jointly with other defendants, served motions for summary judgment regarding the claims in certain of the individual merchant actions, as well as certain declaratory judgment claims brought by Visa, Mastercard, and some U.S. financial institutions. Plaintiffs in certain of the individual merchant actions served motions for partial summary judgment.

The Company believes it has substantial defenses to the claims asserted in the putative class actions and individual merchant actions, but the final outcome of individual legal claims is inherently unpredictable. The Company could incur judgments, enter into settlements or revise its expectations regarding the outcome of merchants' claims, and such developments could have a material adverse effect on the Company's financial results in the period in which the effect becomes probable and reasonably estimable. While the U.S. retrospective responsibility plan is designed to address monetary liability in these matters, see *Note 5—U.S. and Europe Retrospective Responsibility Plans*, judgments or settlements that require the Company to change its business practices, rules, or contractual commitments could adversely affect the Company's financial results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021**VE Territory Covered Litigation***Europe Merchant Litigation*

Since July 2013, in excess of 750 Merchants (the capitalized term “Merchant,” when used in this section, means a merchant together with subsidiary/affiliate companies that are party to the same claim) have commenced proceedings against Visa Europe, Visa Inc. and other Visa subsidiaries in the UK, Belgium and Poland primarily relating to interchange rates in Europe and in some cases relating to fees charged by Visa and certain Visa rules. They seek damages for alleged anti-competitive conduct in relation to one or more of the following types of interchange fees for credit and debit card transactions: UK domestic, Irish domestic, other European domestic, intra-European Economic Area and/or other inter-regional. As of the filing date, Visa Europe, Visa Inc. and other Visa subsidiaries have settled the claims asserted by over 150 Merchants, leaving more than 550 Merchants with outstanding claims. In addition, over 30 additional Merchants have threatened to commence similar proceedings. Standstill agreements have been entered into with respect to some of those threatened Merchant claims, several of which have been settled. While the amount of interchange being challenged could be substantial, these claims have not yet been filed and their full scope is not yet known. The Company has learned that several additional European entities have indicated that they may also bring similar claims and the Company anticipates additional claims in the future.

A trial took place from November 2016 to March 2017, relating to claims asserted by only one Merchant. In judgments published in November 2017 and February 2018, the court found as to that Merchant that Visa’s UK domestic interchange did not restrict competition, but that if it had been found to be restrictive it would not be exemptible under applicable law. On July 4, 2018, the Court of Appeal overturned the lower court’s rulings, finding that Visa’s UK domestic interchange restricted competition and the question of whether Visa’s UK domestic interchange was exempt from the finding of restriction under applicable law had been incorrectly decided. Following an appeal to the Supreme Court of the United Kingdom, on June 17, 2020, the Supreme Court found that Visa’s UK domestic interchange restricted competition under applicable competition law. On September 30, 2021, Visa reached a confidential settlement agreement resolving the plaintiff’s claims. Certain other plaintiffs, whose claims were effectively stayed pending the Supreme Court of the United Kingdom’s judgment, are moving their claims forward, mostly before the UK Competition Appeal Tribunal.

The full scope of potential damages is not yet known because not all Merchant claims have been served and Visa has substantial defenses. However, the claims that have been issued, served and/or preserved seek several billion dollars in damages.

Other Litigation

On November 14, 2021, a motion to certify a class action was filed against Visa and Mastercard in the Israel Central District Court. The motion asserts that interchange fees on cross-border transactions in Israel and the Honor All Cards rule are anti-competitive and seeks damages and injunctive relief.

Other Litigation*Canadian Merchant Litigation*

Beginning in December 2010, a number of class action lawsuits were filed in Quebec, British Columbia, Ontario, Saskatchewan and Alberta against Visa Canada, Mastercard and ten financial institutions on behalf of merchants that accept payment by Visa and/or Mastercard credit cards. The actions alleged a violation of Canada’s price-fixing law and various common law claims based on separate Visa and Mastercard conspiracies in respect of default interchange and certain of the networks’ rules. In June 2017, Visa and Mastercard reached settlements with the plaintiffs. Courts in each of the five provinces approved the settlements and appeals of the decisions approving the settlements were rejected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021***U.S. ATM Access Fee Litigation***

National ATM Council Class Action. In October 2011, the National ATM Council and thirteen non-bank ATM operators filed a purported class action lawsuit against Visa (Visa Inc., Visa International, Visa U.S.A. and Plus System, Inc.) and Mastercard in the U.S. District Court for the District of Columbia. The complaint challenges Visa's rule (and a similar Mastercard rule) that if an ATM operator chooses to charge consumers an access fee for a Visa or Plus transaction, that fee cannot be greater than the access fee charged for transactions on other networks. Plaintiffs claim that the rule violates Section 1 of the Sherman Act, and seek treble damages, injunctive relief, and attorneys' fees. On August 4, 2021, the district court granted plaintiffs' motion for class certification, and on October 1, 2021, the U.S. Court of Appeals for the District of Columbia Circuit granted defendants' motion for leave to appeal the district court's decision.

Consumer Class Actions. In October 2011, a purported consumer class action was filed against Visa and Mastercard in the same federal court challenging the same ATM access fee rules. Two other purported consumer class actions challenging the rules, later combined, were also filed in October 2011 in the same federal court naming Visa, Mastercard and three financial institutions as defendants. Plaintiffs seek treble damages, restitution, injunctive relief, and attorneys' fees where available under federal and state law, including under Section 1 of the Sherman Act and consumer protection statutes. On September 20, 2019, plaintiffs in both cases filed motions for class certification. On August 4, 2021, the district court granted plaintiffs' motion for class certification in each case, and on October 1, 2021, the U.S. Court of Appeals for the District of Columbia Circuit granted defendants' motion for leave to appeal the district court's decision. On November 12, 2021, in the case in which the three financial institutions were named, the district court granted plaintiffs' motion for preliminary approval of a class action settlement with those institutions.

U.S. Department of Justice Civil Investigative Demand

On March 13, 2012, the Antitrust Division of the United States Department of Justice (the "Division") issued a Civil Investigative Demand, or "CID," to Visa Inc. seeking documents and information regarding a potential violation of Section 1 or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2. The CID focuses on PIN-Authenticated Visa Debit and Visa's competitive responses to the Dodd-Frank Act, including Visa's fixed acquirer network fee. Visa is cooperating with the Division in connection with the CID.

Pulse Network

On November 25, 2014, Pulse Network LLC filed suit against Visa Inc. in federal district court in Texas. Pulse alleges that Visa has, among other things, monopolized and attempted to monopolize debit card network services markets. Pulse seeks unspecified treble damages, attorneys' fees and injunctive relief, including to enjoin the fixed acquirer network fee structure, Visa's conduct regarding PIN-Authenticated Visa Debit and Visa agreements with merchants and acquirers relating to debit acceptance. On August 31, 2018, the court granted Visa's motion for summary judgment, finding that Pulse did not have standing to pursue its claims. Pulse appealed the district court's summary judgment decision to the U.S. Court of Appeals for the Fifth Circuit.

EMV Chip Liability Shift

Following their initial complaint filed on March 8, 2016, B&R Supermarket, Inc., d/b/a Milam's Market, and Grove Liquors LLC filed an amended class action complaint on July 15, 2016, against Visa Inc., Visa U.S.A., Mastercard, Discover, American Express, EMVCo and certain financial institutions in the U.S. District Court for the Northern District of California. The amended complaint asserts that defendants, through EMVCo, conspired to shift liability for fraudulent, faulty or otherwise rejected payment card transactions from defendants to the purported class of merchants, defined as those merchants throughout the U.S. who have been subjected to the "Liability Shift" since October 2015. Plaintiffs claim that the so-called "Liability Shift" violates Sections 1 and 3 of the Sherman Act and certain state laws, and seek treble damages, injunctive relief and attorneys' fees.

EMVCo and the financial institution defendants were dismissed, and the matter was subsequently transferred to the U.S. District Court for the Eastern District of New York, which has clarified that this case is not part of MDL 1720.

On August 28, 2020, the district court granted plaintiffs' motion for class certification.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2021**Australian Competition & Consumer Commission**

On July 12, 2019, the Australian Competition & Consumer Commission (ACCC) informed Visa that the ACCC had commenced an investigation into certain agreements and interchange fees relating to Visa Debit. On March 9, 2021, the ACCC accepted an undertaking by Visa to resolve the investigation. The investigation is closed.

Federal Trade Commission Civil Investigative Demand (Formerly Voluntary Access Letter)

On November 4, 2019, the Bureau of Competition of the United States Federal Trade Commission (the “Bureau”) requested that Visa provide, on a voluntary basis, documents and information for an investigation as to whether Visa’s actions inhibited merchant choice in the selection of debit payments networks in potential violation of the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act. On June 9, 2020, the Federal Trade Commission issued a Civil Investigative Demand to Visa requesting additional documents and information, and Visa is cooperating with the Bureau.

Euronet Litigation

On December 13, 2019, Euronet 360 Finance Limited, Euronet Polska Spolka z.o.o. and Euronet Services spol. s.r.o. (“Euronet”) served a claim in the UK alleging that certain rules affecting ATM access fees in Poland, the Czech Republic and Greece by Visa Inc. and Mastercard Incorporated, and certain of their subsidiaries, breach various competition laws. Euronet seeks damages, costs, and injunctive relief to prevent the defendants from enforcing the aforementioned rules. Trial has been scheduled for a date on or after October 2, 2023.

European Commission Staged Digital Wallets Investigation

On June 26, 2020, the European Commission (“EC”) informed Visa that it has opened a preliminary investigation into Visa’s rules regarding staged digital wallets and issued a request for information regarding such rules. Visa is cooperating with the EC.

Plaid Inc. Acquisition

On November 5, 2020, the U.S. Department of Justice filed a complaint in the U.S. District Court for the Northern District of California seeking a permanent injunction to prevent Visa from acquiring Plaid Inc., alleging that the proposed acquisition would substantially lessen competition in violation of Section 7 of the Clayton Act and would constitute monopolization under Section 2 of the Sherman Act. The case was dismissed on January 12, 2021.

German ATM Litigation

In December 2020 and January 2021, six savings banks and cooperative banks filed claims in Germany against Visa Europe challenging Visa’s ATM rules prohibiting the charging of access fees on domestic cash withdrawals with a credit card as anti-competitive. No damages were sought. The claims were withdrawn in August 2021.

U.S. Department of Justice Civil Investigative Demand (2021)

On March 26, 2021, the Antitrust Division of the U.S. Department of Justice (the “Division”) issued a Civil Investigative Demand (“CID”) to Visa seeking documents and information regarding a potential violation of Section 1 or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2. The CID focuses on U.S. debit and competition with other payment methods and networks. Visa is cooperating with the Division in connection with the CID. On June 11, 2021, the Division issued a further CID seeking additional documents and information on the same subjects.

Foreign Currency Exchange Rate Litigation

On July 9, 2021, a class action complaint was filed against Visa in the U.S. District Court for the Northern District of California by several individuals on behalf of a nationwide class, and/or California, Washington, or Illinois subclasses, of cardholders who made a transaction in a foreign currency. The complaint alleges that Visa sets foreign exchange rates in violation of Visa’s rules and bank cardholder agreements, and asserts claims for unjust enrichment and restitution as well as violations of the California Unfair Competition Law, the Washington Consumer Protection Act, and the Illinois Consumer Fraud Act. Plaintiffs seek an injunction, damages, disgorgement, and attorneys’ fees among other relief. On October 18, 2021, Visa filed a motion to dismiss the complaint.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Not applicable.

ITEM 9A. Controls and Procedures*Evaluation of Disclosure Controls and Procedures*

We maintain a system of disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that is designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error, the circumvention or overriding of the controls and procedures and reasonable resource constraints. In addition, because we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, our system of controls may not achieve its desired purpose under all possible future conditions. Accordingly, our disclosure controls and procedures provide reasonable assurance, but not absolute assurance, of achieving their objectives.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2021. Based on management's assessment, management has concluded that the Company's internal control over financial reporting was effective as of September 30, 2021 using the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Our internal control over financial reporting is designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. There are inherent limitations to the effectiveness of any system of internal control over financial reporting. These limitations include the possibility of human error, the circumvention or overriding of the system and reasonable resource constraints. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks discussed in *Item 1A—Risk Factors* of this report.

The effectiveness of our internal control over financial reporting as of September 30, 2021, has been audited by KPMG LLP, an independent registered public accounting firm and is included in *Item 8* of this report.

Changes in Internal Control over Financial Reporting

In preparation for management's report on internal control over financial reporting, we documented and tested the design and operating effectiveness of our internal control over financial reporting. There have been no significant changes in our internal controls over financial reporting that occurred during our fourth quarter of fiscal 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. Other Information

Not applicable.

PART III

Certain information required by Part III is omitted from this Report and the Company will file a definitive proxy statement pursuant to Regulation 14A under the Exchange Act (the "Proxy Statement") not later than 120 days after the end of the fiscal year ended September 30, 2021, and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the report of the Audit and Risk Committee included in the Proxy Statement.

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this item concerning the Company's directors, executive officers, the Code of Business Conduct and Ethics and corporate governance matters is incorporated herein by reference to the sections entitled "*Director Nominee Biographies*," "*Executive Officers*" and "*Corporate Governance*" in our Proxy Statement.

The information required by this item regarding compliance with Section 16(a) of the Exchange Act pursuant to Item 405 of Regulation S-K is incorporated herein by reference to the section entitled "*Beneficial Ownership of Equity Securities*" in our Proxy Statement.

Our Code of Business Conduct and Ethics that is applicable to our directors, executive officers, senior financial officers, as well as our employees and contractors and our Corporate Governance Guidelines are available on the Investor Relations page of our website at <http://investor.visa.com>, under "Corporate Governance." Printed copies of these documents are also available to stockholders without charge upon written request directed to Corporate Secretary, Visa Inc., P.O. Box 193243, San Francisco, California 94119 or corporatesecretary@visa.com.

ITEM 11. Executive Compensation

The information required by this item concerning director and executive compensation is incorporated herein by reference to the sections entitled "*Compensation of Non-Employee Directors*" and "*Executive Compensation*" in our Proxy Statement.

The information required by this item pursuant to Item 407(e)(4) of Regulation S-K is incorporated herein by reference to the section entitled "*Compensation Committee Interlocks and Insider Participation*" in our Proxy Statement.

The information required by this item pursuant to Item 407(e)(5) of Regulation S-K is incorporated herein by reference to the section entitled "*Compensation Committee Report*" in our Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item pursuant to Item 403 of Regulation S-K is incorporated herein by reference to the section entitled "*Beneficial Ownership of Equity Securities*" in our Proxy Statement.

For the information required by item 201(d) of Regulation S-K, refer to *Item 5* in this report.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item concerning related party transactions pursuant to Item 404 of Regulation S-K is incorporated herein by reference to the section entitled "*Certain Relationships and Related Person Transactions*" in our Proxy Statement.

The information required by this item concerning director independence pursuant to Item 407(a) of Regulation S-K is incorporated herein by reference to the section entitled "*Independence of Directors*" in our Proxy Statement.

ITEM 14. Principal Accountant Fees and Services

The information required by this Item is incorporated herein by reference to the section entitled "*Independent Registered Public Accounting Firm Fees*" in our Proxy Statement.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements in *Item 8—Financial Statements and Supplementary Data* of this report.

2. Consolidated Financial Statement Schedules

None.

3. The following exhibits are filed as part of this report or, where indicated, were previously filed and are hereby incorporated by reference:

Refer to the Exhibit Index herein.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File Number	Exhibit Number	Filing Date
2.1	Amended and Restated Transaction Agreement, dated as of May 10, 2016, between Visa Inc. and Visa Europe Limited #	8-K	001-33977	2.1	5/10/2016
3.1	Seventh Restated Certificate of Incorporation of Visa Inc.	8-K	001-33977	3.1	1/27/2021
3.2	Amended and Restated Bylaws of Visa Inc.	8-K	001-33977	3.2	1/27/2021
4.1	Form of stock certificate of Visa Inc.	S-4/A	333-143966	4.1	9/13/2007
4.2	Form of specimen certificate for class B common stock of Visa Inc.	8-A	000-53572	4.1	1/28/2009
4.3	Form of specimen certificate for class C common stock of Visa Inc.	8-A	000-53572	4.2	1/28/2009
4.4	Indenture dated December 14, 2015 between Visa Inc. and U.S. Bank National Association	8-K	001-33977	4.1	12/14/2015
4.5	Form of 2.150% Senior Note due 2022	8-K	001-33977	4.1	9/11/2017
4.6	Form of 2.800% Senior Note due 2022	8-K	001-33977	4.4	12/14/2015
4.7	Form of 3.150% Senior Note due 2025	8-K	001-33977	4.5	12/14/2015
4.8	Form of 0.750% Senior Note due 2027	8-K	001-33977	4.1	8/17/2020
4.9	Form of 1.900% Senior Note due 2027	8-K	001-33977	4.1	4/2/2020
4.10	Form of 2.750% Senior Note due 2027	8-K	001-33977	4.2	9/11/2017
4.11	Form of 2.050% Senior Note due 2030	8-K	001-33977	4.2	4/2/2020
4.12	Form of 1.100% Senior Note due 2031	8-K	001-33977	4.2	8/17/2020
4.13	Form of 4.150% Senior Note due 2035	8-K	001-33977	4.6	12/14/2015
4.14	Form of 2.700% Senior Note due 2040	8-K	001-33977	4.3	4/2/2020
4.15	Form of 4.300% Senior Note due 2045	8-K	001-33977	4.7	12/14/2015
4.16	Form of 3.650% Senior Note due 2047	8-K	001-33977	4.3	9/11/2017
4.17	Form of 2.000% Senior Note due 2050	8-K	001-33977	4.3	8/17/2020
4.18	Certificate of Designations of Series A Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.1	6/21/2016
4.19	Certificate of Designations of Series B Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.2	6/21/2016
4.20	Certificate of Designations of Series C Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.3	6/21/2016
4.21+	Description of Securities				
10.1	Form of Indemnity Agreement	10-Q	001-33977	10.1	1/31/2020

10.2	Amended and Restated Global Restructuring Agreement, dated August 24, 2007, by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc., Visa Europe Limited, Visa Canada Association, Inovant LLC, Inovant, Inc., Visa Europe Services, Inc., Visa International Transition LLC, VI Merger Sub, Inc., Visa USA Merger Sub Inc. and 1734313 Ontario Inc.	S-4/A	333-143966	Annex A	9/13/2007
10.3	Form of Escrow Agreement by and among Visa Inc., Visa U.S.A. Inc. and the escrow agent	S-4	333-143966	10.15	6/22/2007
10.4	Form of Framework Agreement by and among Visa Inc., Visa Europe Limited, Inovant LLC, Visa International Services Association and Visa U.S.A. Inc. †	S-4/A	333-143966	10.17	7/24/2007
10.5	Five Year Revolving Credit Agreement, amended and restated as of July 25, 2019, by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc. and Visa Europe Limited, as borrowers, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank N.A., as syndication agent, and the lenders referred to therein #	10-K	001-33977	10.5	11/13/2019
10.6	Form of Interchange Judgment Sharing Agreement by and among Visa International Service Association and Visa U.S.A. Inc., and the other parties thereto †	S-4/A	333-143966	10.13	7/24/2007
10.7	Interchange Judgment Sharing Agreement Schedule	8-K	001-33977	10.2	2/8/2011
10.8	Amendment of Interchange Judgment Sharing Agreement	10-K	001-33977	10.10	11/20/2015
10.9	Form of Loss Sharing Agreement by and among Visa U.S.A. Inc., Visa International Service Association, Visa Inc. and various financial institutions	S-4/A	333-143966	10.14	7/24/2007
10.10	Loss Sharing Agreement Schedule	8-K	001-33977	10.1	2/8/2011
10.11	Amendment of Loss Sharing Agreement	10-K	001-33977	10.13	11/20/2015
10.12	Form of Litigation Management Agreement by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc. and the other parties thereto	S-4/A	333-143966	10.18	8/22/2007
10.13	Omnibus Agreement, dated February 7, 2011, regarding Interchange Litigation Judgment Sharing and Settlement Sharing by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated and the parties thereto	8-K	001-33977	10.2	7/16/2012
10.14	Amendment, dated August 26, 2014, to the Omnibus Agreement regarding Interchange Litigation Judgment Sharing and Settlement Sharing by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated and the parties thereto	10-K	001-33977	10.14	11/21/2014
10.15	Second Amendment, dated October 22, 2015, to Omnibus Agreement regarding Interchange Litigation Judgment Sharing and Settlement Sharing	10-K	001-33977	10.17	11/20/2015

10.16	Settlement Agreement, dated October 19, 2012, by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated, various U.S. financial institution defendants, and the class plaintiffs to resolve the class plaintiffs' claims in the matter styled In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, No. 05-MD-1720	10-Q	001-33977	10.3	2/6/2013
10.17	Superseding and Amended Settlement Agreement, dated September 17, 2018, by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated, various U.S. financial institution defendants, and the damages class plaintiffs to resolve the damages class plaintiffs' claims in the matter styled In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, No. 05-MD-1720	8-K	001-33977	10.1	9/18/2018
10.18	Loss Sharing Agreement, dated as of November 2, 2015, among the UK Members listed on Schedule 1 thereto, Visa Inc. and Visa Europe Limited	8-K	001-33977	10.1	11/2/2015
10.19	Litigation Management Deed, dated as of June 21, 2016, by and among the VE Member Representative, Visa Inc., the LMC Appointing Members, the UK&I DCC Appointing Members, the Europe DCC Appointing Members and the UK&I DCC Interested Members	8-K	001-33977	10.1	6/21/2016
10.20*	Visa 2005 Deferred Compensation Plan, effective as of August 12, 2015	10-K	001-33977	10.21	11/20/2015
10.21*	Visa Directors Deferred Compensation Plan, as amended and restated as of July 22, 2014	10-K	001-33977	10.17	11/21/2014
10.22*	Visa Inc. 2007 Equity Incentive Compensation Plan, amended and restated as of January 26, 2021	8-K	001-33977	10.22	1/27/2021
10.23*	Visa Inc. Incentive Plan, as amended and restated as of February 3, 2016	DEF 14A	001-33977	Annex B	12/11/2015
10.24*	Visa Excess Thrift Plan, as amended and restated as of January 1, 2008	10-K	001-33977	10.31	11/21/2008
10.25*	Visa Excess Retirement Benefit Plan, as amended and restated as of January 1, 2008	10-K	001-33977	10.32	11/21/2008
10.26*	First Amendment, effective January 1, 2011, of the Visa Excess Retirement Benefit Plan, as amended and restated as of January 1, 2008	10-K	001-33977	10.34	11/18/2011
10.27*	Visa Inc. Executive Severance Plan, effective as of November 3, 2010	8-K	001-33977	10.1	11/9/2010
10.28*	Visa Inc. 2015 Employee Stock Purchase Plan	DEF 14A	001-33977	Appendix B	12/12/2014
10.29*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 18, 2013	10-Q	001-33977	10.1	1/30/2014

10.30*	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 18, 2013	10-Q	001-33977	10.5	1/30/2014
10.31*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.40	11/21/2014
10.32*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.41	11/21/2014
10.33*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2015	10-Q	001-33977	10.1	1/28/2016
10.34+	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2015				
10.35*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.1	1/31/2019
10.36*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.2	1/31/2019
10.37*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.3	1/31/2019
10.38*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.4	1/31/2019
10.39*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.5	1/31/2019
10.40*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.6	1/31/2019
10.41*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.7	1/31/2019
10.42*	Form of Letter Agreement relating to Visa Inc. Executive Severance Plan	8-K	001-33977	10.2	11/9/2010
10.43*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2017	10-Q	001-33977	10.1	2/1/2018

10.44+	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after January 1, 2021				
10.45*	Offer Letter, dated July 18, 2019, between Visa Inc. and Paul D. Fabara	10-K	001-33977	10.46	11/19/2020
10.46*	Amended and Restated Aircraft Time Sharing Agreement, effective November 1, 2019, between Visa Inc. and Alfred F. Kelly, Jr.	10-K	001-33977	10.48	11/13/2019
21.1+	List of Significant Subsidiaries of Visa Inc.				
23.1+	Consent of KPMG LLP, Independent Registered Public Accounting Firm				
31.1+	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer				
31.2+	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer				
32.1+	Section 1350 Certification of Principal Executive and Financial Officer				
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH+	Inline XBRL Taxonomy Extension Schema Document				
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104+	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

† Confidential treatment has been requested for portions of this agreement. A completed copy of the agreement, including the redacted portions, has been filed separately with the SEC.

* Management contract, compensatory plan or arrangement.

+ Filed or furnished herewith.

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

VISA INC.

By: _____ /s/ Alfred F. Kelly, Jr.
Name: Alfred F. Kelly, Jr.
Title: Chairman and Chief Executive Officer
Date: November 18, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Alfred F. Kelly, Jr.	Chairman and Chief Executive Officer, and Director (Principal Executive Officer)	November 18, 2021
Alfred F. Kelly, Jr.		
/s/ Vasant M. Prabhu	Vice Chair, Chief Financial Officer (Principal Financial Officer)	November 18, 2021
Vasant M. Prabhu		
/s/ James H. Hoffmeister	Global Corporate Controller, Chief Accounting Officer (Principal Accounting Officer)	November 18, 2021
James H. Hoffmeister		
/s/ John F. Lundgren	Lead Independent Director	November 18, 2021
John F. Lundgren		
/s/ Lloyd A. Carney	Director	November 18, 2021
Lloyd A. Carney		
/s/ Mary B. Cranston	Director	November 18, 2021
Mary B. Cranston		
/s/ Francisco Javier Fernández-Carbajal	Director	November 18, 2021
Francisco Javier Fernández-Carbajal		
/s/ Ramon Laguarta	Director	November 18, 2021
Ramon Laguarta		
/s/ Robert W. Matschullat	Director	November 18, 2021
Robert W. Matschullat		
/s/ Denise M. Morrison	Director	November 18, 2021
Denise M. Morrison		
/s/ Suzanne Nora Johnson	Director	November 18, 2021
Suzanne Nora Johnson		
/s/ Linda J. Rendle	Director	November 18, 2021
Linda J. Rendle		
/s/ John A. C. Swainson	Director	November 18, 2021
John A. C. Swainson		
/s/ Maynard G. Webb, Jr.	Director	November 18, 2021
Maynard G. Webb, Jr.		