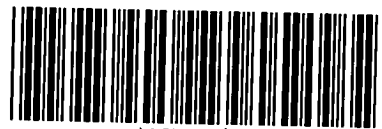




## Visa Europe Limited Annual Report 2023

Registered Number 05139966

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## Strategic Report

The directors present their Strategic Report for Visa Europe Limited (Visa Europe or the Company) for the year ended 30 September 2023.

By a recognition order dated 19 March 2015, HM Treasury categorised Visa Europe as a recognised "payment system" for the purposes of Part 5 of the Banking Act 2009. As a result, the Bank of England has assumed oversight of Visa Europe pursuant to its statutory responsibility for the oversight of recognised payment systems and, more broadly, for monetary and financial stability in the United Kingdom (UK).

In addition to the Bank of England, Visa Europe's activities are also subject to various laws and regulations, and regulatory oversight, in the European Union (EU), as well as in different countries within the Visa Europe region. Particularly relevant for Visa Europe's activities are the Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on Interchange Fees for Card Based Payment Transactions (the Interchange Fee Regulation (IFR)); the revised Payment Services Directive (PSD2); oversight by the UK Payment Systems Regulator (PSR); and oversight by the European Central Bank (ECB) and Eurosystem of National Central Banks in accordance with the Oversight Framework for Card Payment Schemes - Standards (2008). Visa Europe is also subject to oversight by the National Bank of Poland (NBP), and authorised in the Netherlands as a Payments Processing Service Provider (PPSP), which makes it subject to oversight by De Nederlandsche Bank (DNB).

## Our business model

### How we create value

Visa Europe is a private limited company, incorporated in England and Wales, and is a wholly owned subsidiary of Visa International Holdings Limited and part of the Visa Inc. group (Visa). Visa Europe is responsible for representing the Visa brand name and facilitating commerce across the Europe Region, which encompasses 38 countries including the UK, the 27 countries of the EU, Turkey, Israel, Switzerland and Norway.

Our purpose is to uplift everyone, everywhere by being the best way to pay and be paid. Visa facilitates global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions, and government entities through innovative technologies.

Since Visa's early days in 1958, Visa has been in the business of facilitating payments between consumers and businesses. We are focused on extending, enhancing and investing in our proprietary advanced transaction processing network, VisaNet, to offer a single connection point for facilitating payment transactions to multiple endpoints through various form factors. As a "network of networks" enabling global movement of money through all available networks, Visa is working to provide payment solutions and services for everyone, everywhere. Through our network, we offer products, solutions and services that facilitate secure, reliable and efficient money movement for participants in the ecosystem.

- **We facilitate secure, reliable and efficient money movement among consumers, issuing and acquiring financial institutions, and merchants.** We have traditionally referred to this structure 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 organisations (NGOs). We provide transaction processing services (primarily authorisation, clearing and settlement) to our financial institution and merchant clients through VisaNet.
- **We offer a wide range of Visa-branded payment products** globally that Visa's clients, including 14,500 financial institutions, use to develop and offer payment solutions or services, including credit, debit, prepaid and cash access programs for individual, business and government account holders.
- **We take an open, partnership approach** and seek to provide value by enabling access to Visa's 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 use the resources of our platform to scale and grow their businesses more quickly and effectively.
- **We are accelerating the migration to digital payments** through our "network of networks" strategy. Building on the core VisaNet access point, the acquisition of Tink AB (Tink) by Visa Inc. enabled a natural extension of Visa Europe's open payments network, evolving from securely connecting buyers and sellers to also connecting developers, financial services and other merchants. Together with B2B Connect, this enables money movement for businesses, governments, and consumers regardless of which network is used to start or complete the transaction, and this model ultimately helps 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) and government-to-consumer (G2C) payments, in addition to consumer to business (C2B) payments.
- **We provide value-added services** to our clients, including issuing 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 - including with the International Olympic Committee and the International Paralympic Committee and the National Football League (NFL), among others. In addition, Visa Europe was the first ever sponsor of UEFA women's football. We also use these sponsorship assets to showcase our payment innovations.

## How we earn revenues

Visa Europe earns revenue by facilitating money movement across the Europe Region among a global set of consumers, merchants, financial institutions and government entities through innovative technologies. Our net revenues in financial year 2023 consisted of service revenues, data processing revenues, international transaction revenues, and other revenues minus client incentive arrangements we have with our clients. We generally do not experience any pronounced seasonality in our business.

As with previous years, Visa provides payment processing for both non-Visa-branded and Visa-branded card transactions. In the context of non-Visa-branded card transactions, we facilitate payment processing by providing gateway routing services to other payment networks. At the client's request, we may provide authorisation, clearing or settlement services on our network before or after we route the transaction to the other payments network. In those instances, Visa may earn data processing revenues for the specific services provided. In the context of Visa-branded card transactions on our network, we provide authorisation, clearing and settlement services and may earn service, data processing, international transaction, or other revenues. Depending on applicable regulations, some payment processors may or may not use our network to process Visa-branded card transactions. If they use our network, we may earn service revenues and data processing revenues. If they do not use our network, we earn only service revenues.

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 paid by acquirers to issuers. We establish default interchange reimbursement fees that apply absent other established settlement terms. These default interchange reimbursement fees are set independently from the revenues we receive from issuers and acquirers. Our acquiring clients are responsible for setting the fees they charge to merchants for the Merchant Discount Rate (MDR) and for soliciting merchants. Visa sets fees to acquirers independently from any fees that acquirers may charge merchants. Therefore, the fees we receive from issuers and acquirers are not derived from interchange reimbursement fees or MDRs.

## OUR STRATEGY: FINANCIAL YEAR 2023

Our 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

### 1. Consumer Payments

Visa remains focused on moving trillions of Euros of consumer spending in cash and cheques 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.

**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 deposit accounts. Debit cards enable account holders to transact in person, online or via mobile 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.

**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.

#### **Enablers**

We enable consumer payments and help our clients grow as digital commerce, new technologies and new participants continue to transform the payments ecosystem. Some examples 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 the process of tapping a contactless card or mobile device on a terminal to make a payment, has emerged as the preferred way to pay amongst consumers in many countries around the world. Tap to pay adoption is growing and many consumers have come to expect touchless payment experiences.

**Tokenisation**

Visa Token Service (VTS) brings additional security to digital commerce innovation. As consumers increasingly rely on digital transactions, VTS is designed to enhance the digital ecosystem through improved authorisation, reduced fraud and improved consumer experience. VTS helps protect digital transactions by replacing 16-digit Visa account numbers with a token that includes a surrogate account number, cryptographic information, and other data to protect the underlying account information. This security technology can work for a variety of payment transactions, both in person and online.

The provisioning of network tokens continues to accelerate. As of the end of financial year 2023, Visa provisioned more than 7.5 billion network tokens (2022: 4 billion), surpassing the number of physical cards in circulation. The milestone reinforces Visa's commitment to secure, reliable and efficient, money movement, in person and online.

**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 standardised and streamlined approach to online checkout.

**2. New Flows**

New flows focus on facilitating commercial and global money movement across Visa's network of networks. This 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 and G2C payments.

**Visa Direct**

Visa Direct is part of Visa's strategy beyond C2B payments, helping facilitate the delivery of funds to eligible cards and deposit accounts and digital wallets across more than 190 countries and territories. Visa Direct supports multiple use cases such as P2P payments and account-to-account transfers, business and government payouts to individuals or small businesses, merchant settlements and refunds.

Visa Direct utilises more than 70 domestic payment schemes (2022: 66 domestic payment schemes), 10 real-time payment schemes (RTPs) (2022: 11 RTPs), 15 card-based networks (2022: 16 card-based networks), 5 payment gateways (2022: 5 payment gateways), respectively, with the potential to reach more than 8.5 billion cards, deposit accounts and digital wallets.

In financial year 2023, Visa Direct processed more than 7.5 billion transactions (2022: 5.9 billion) across more than 2,800 global programs (2022: 2,000 global programs). Visa Direct solutions supported more than 500 partners across more than 65 use cases (2022: 60 use cases).

We continue to build on our network of networks strategy by investing in our own capabilities as well as strategically collaborating with digital and mobile payment providers to expand the reach of Visa Direct and deliver even stronger domestic and cross-border payment and connection capabilities to our clients.

**Visa Commercial Solutions**

We are also expanding our network with B2B payments. Our three strategic areas of focus include investing in and growing card-based payments, accelerating our efforts in non-card, cross-border payments and digitising domestic accounts payable and accounts receivable processes. We offer a portfolio of commercial 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. These 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 clients. The network delivers B2B cross-border payments that are reliable, flexible, data-rich, secure and cost-effective. Visa B2B Connect continues to scale, and is available in more than 100 countries and territories.

**Visa Cross-Border Solutions (formerly Treasury as a Service)**

Visa Cross-Border Solutions aligns with Visa's global network of networks strategy, as Visa is focused on building the infrastructure that enables our clients of all sizes to deliver cross-border products with visibility, speed and security. This includes a series of new solutions for our established cross-border consumer payments business, as well as use cases enabled by Visa's digitally native Currencycloud platform, which includes real-time foreign exchange rates, virtual accounts, and enhanced liquidity and settlement capabilities.

**3. 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.

### **Issuing Solutions**

We provide a range of services and digital solutions to issuers, such as account controls, digital issuance and branded consumer experiences. Additionally, Visa provides loyalty and benefits solution to issuers aimed at creating compelling and differentiated cardholder experiences, as well as Buy Now Pay Later (BNPL) capabilities. BNPL or instalment payments allow shoppers the flexibility to pay for a purchase in equal payments over a defined period of time. Visa is investing in instalments as a payments strategy — by offering a portfolio of BNPL solutions for traditional clients as well as instalments providers who use our cards and services to support a wider variety of instalment options before, during or after checkout, in person and online.

### **Acceptance Solutions**

Visa Acceptance Solutions, which includes Cybersource, provides modular, value added services in addition to the traditional gateway function of connecting merchants to payment processing. Using the platform, acquirers, payment service providers, independent software vendors, and merchants of all sizes can improve the way their consumers engage and transact; help to mitigate fraud; and lower operational costs and adapt to changing business requirements. They can also connect with other fintechs through a global payment management platform to use their services. Visa Acceptance Solutions' capabilities provide new and enhanced payment integrations with ecommerce platforms, enabling sellers and acquirers to provide tailored commerce experiences with payments seamlessly embedded. Visa Acceptance Solutions enables an omnichannel solution with a cloud-based architecture to deliver more innovation at the point-of-sale.

In addition, Visa provides secure, reliable services for merchants and acquirers that reduce friction and drive acceptance. Examples include Global Urban Mobility, which supports transit operators to accept Visa contactless payments in addition to closed-loop payment solutions; and Visa Account Updater, which provides updated account information for merchants to help strengthen customer relationships and retention. Visa also offers dispute management services, including a network-agnostic solution from 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 and digital payments among consumers, fraud prevention helps increase trust in digital payments. Solutions such as Risk-as-a-Service, Visa Advanced Authorisation, Visa Secure, Visa Risk Manager and Decision Manager, Visa Consumer Authentication Service, and payment-decisioning solutions from Cardinal Commerce empower financial institutions and merchants with tools that help automate and simplify fraud prevention and enhance payment security.

Aligned to our network of networks strategy, Visa is increasingly bringing our expertise and capabilities to emerging fraud challenges, working with network operators and financial institutions to help mitigate fraud. These value added fraud prevention tools layer on top of a suite of our network 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 or partner breach investigations and law enforcement engagement, Visa helps protect financial institutions and merchants from fraud and solve payment security challenges.

### **Open Banking**

In March 2022, Visa Inc. acquired Tink, an open banking platform, to catalyse fintech innovation and accelerate the development and adoption of open banking securely and at scale. Visa's open banking capabilities range from data access use cases, such as account verification, balance check and personal finance management, to payment initiation capabilities, such as account-to-account transactions and merchant payments. These capabilities can help our partner businesses deliver valuable services to their customers.

### **Advisory Services**

Visa Consulting and Analytics (VCA) 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. VCA offers consulting services for issuers, acquirers, merchants, fintechs and other partners, spanning the entire customer journey from acquisition to retention. Further, VCA Managed Services, our dedicated execution arm within the consulting division, is being increasingly utilised by clients to implement our recommendations and wider value added services product enablement.

## **4. 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, fintechs and digital partnerships, brand, and talent.

**Network of Networks**

Our network of networks strategy means moving money to all endpoints and to all form factors, using all available networks and being a single connection point for our partners; and providing our value added services on all transactions, no matter the network. The key component of our network of networks strategy is interoperability. We are opening up our network and increasingly using other networks to reach accounts we could not otherwise reach and enabling new types of money movement. Visa B2B Connect, Visa Direct, and Visa+ are examples of our strategy.

**Technology Platforms**

Visa's leading technology platforms are provided to Visa Europe by Visa Technology & Operations LLC (VTO) (a Visa Inc. subsidiary) and comprise software, hardware, data centres and a large telecommunications infrastructure. Visa's four data centres 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 unauthorised access; and advanced cyber detection and response capabilities.

We deploy security tools that help keep our clients and consumers safe. We also invest significantly in our comprehensive approach to cybersecurity. We deploy security technologies to protect data confidentiality, the integrity of our network and service availability, to strengthen our core cybersecurity capabilities to minimise risk. Our payments fraud disruption team continually monitors threats to the payments ecosystem to help ensure attacks are detected and prevented efficiently and effectively. VTO provides security to Visa Europe and continues to invest significantly in a comprehensive approach to cybersecurity at Visa.

**Fintechs and Digital Partnerships**

Fintechs are a vital growth engine for Visa and a key driver in realising our purpose – to uplift everyone, everywhere by being the best way to pay and be paid. Fintechs are key enablers of new payment experiences and new flows. Our work with fintechs is one of our greatest opportunities and 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. Our portfolio of fintech partners is diverse and continues to grow and scale. During financial year 2023, we signed more than 500 commercial partnerships with fintechs globally from early stage companies to growing and mature players, an increase of 25 percent year-over-year.

To better serve fintechs, Visa has a suite of streamlined commercial programs and digital onboarding tools. Fintech Fast Track, our flagship program for fintechs, is designed to help launch new financial features quickly such as launching a new card program or enabling the movement of money with Visa Direct. We provide streamlined onboarding and turnkey access to hundreds of ecosystem partners. The program has welcomed hundreds of fintechs who are actively engaged in the program.

Visa Ready, our certification program, helps technology companies build and launch payment solutions that meet Visa's global standards around security and functionality. Fintech Partner Connect helps build pathways between Visa's issuing clients and fintech providers. With our start up engagement programs, like the Visa Everywhere Initiative that launched in 2022, early-stage companies can build payment solutions based on our capabilities. Visa also manages programs including "She's Next, Empowered by Visa", a global women's entrepreneurship initiative.

**Brand**

Visa's strong brand 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 a sponsor of top entertainment and sports events including the FIFA Women's World Cup 2023™, the Olympic Games, the Paralympic Games, and the Super Bowl.

**Talent**

Attracting, developing and advancing the best talent globally is critical to our continued success.

The Visa Europe Group, which includes the Company and its subsidiaries, increased by net 222 employees in the financial year 2023, ending the year with a workforce of approximately 3,341 employees, of which 2,325 were employees of the Company.

Given Visa's ambitious growth agenda and efforts to achieve our purpose, we have focused on enhancing our employees' expertise across our business. This includes an enhanced development program for our senior leaders, and a formal technology apprenticeship program to help us broaden and strengthen our talent channels and pipelines. We have also committed to providing employees with the tools they need to do their work more quickly and easily, including an artificial intelligence (AI) or AI-driven portal with a searchable knowledge base to create customised results and bespoke solutions. We enhanced our mental well-being and retirement benefits, which is reflective of our key priority to take care of our employees.

We also are dedicated to ensuring that employees feel valued in their day-to-day work. During our global employee engagement survey last year, we learned that our employees wanted more opportunities to recognise and be recognised, in more informal ways. In response, Visa developed a program that better enabled employees to provide peer-to-peer recognition for each other's contributions. Using UPLIFT, Visa's new recognition platform, employees can celebrate their peers' achievements, send e-cards to celebrate the employee journey (from welcoming new hires to recognising service anniversaries), use of automated internal networking tool that matches employees based on smart algorithms, and more. Importantly, all our recognition categories are grounded in behaviours that reflect our employee value proposition or Visa's Leadership Principles – further reinforcing that at Visa, it is not only about 'what' you achieve, but 'how' you do it. Employee engagement in peer recognition has significantly increased since the launch. With the enhanced platform, employees are encouraged to recognise and uplift each other.

Visa is committed to pay equally and conducts equal pay analysis on an annual basis. We launched total rewards statements in the UK, to drive a deeper understanding and appreciation of total rewards value to the individual. In addition, in 2020, we launched a Visa Scholars program to support the education and employment of students from under-represented and economically-disadvantaged backgrounds in the UK and Spain. In financial year 2023, we now have Visa Scholar programs in 5 markets with the inclusion of Turkey, Germany and France. We are also committed to the development of our under-represented talent internally, running two cohorts through the talent accelerator program in partnership with the British Black Business Awards. Visa Europe is a member of the 'Women in Finance' Charter, which is discussed further in the Corporate Governance Report on page 20 of this report.

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Visa is committed to operating as a responsible, ethical, inclusive and sustainable company. As one of the global leaders in digital payments, Visa strives to join with clients, partners and other stakeholders to empower people, businesses and communities to thrive, to be an industry leader in addressing the corporate responsibility and sustainability topics most significant to our role as a payments technology company, and to meet and exceed our expectations for performance and transparency. Visa's purpose is to uplift everyone, everywhere by being the best way to pay and be paid. We believe deeply in our purpose, and we are focused on empowering people and economies; securing commerce and protecting customers; investing in our workforce; protecting the planet; and operating responsibly. The Visa Europe Board delivers and oversees the strong governance arrangements of the Company and additional details can be found in our Corporate Governance Report on page 20 and our Non-Financial and Sustainability Information Statement on page 24. Visa's 2022 Environmental, Social and Governance (ESG) Report, which provides enhanced ESG disclosures, is available on Visa's website at [visa.com/esg](https://visa.com/esg).

## INTELLECTUAL PROPERTY

Visa Europe leverages the Visa brand, which stands for acceptance, security, convenience, speed and reliability. The 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 authorise the use of our trademarks in connection with their participation in our payments network.

Additionally, we own a number of patents and patent applications related to our business and continue to pursue patents in emerging technologies that may have applications in 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 cheques, 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 American Express, Discover, JCB, Mastercard and UnionPay. These competitors may be more concentrated in specific geographic regions or have a leading position in certain countries. Based on available data, Visa is one of the largest retail electronic funds transfer networks used throughout the world.

**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 recognisable brands.

**Real-time Payment (RTP) Networks:** RTP networks have launched in multiple markets, and continue to be driven by strong government sponsorship and regulatory initiatives to enable and drive adoption increasing their position as an alternative to payment card schemes. These networks primarily focus on domestic transactions, with adoption varying by use cases and geographies. However, cross-border RTP networks are advancing and will compete with our cross-border business. RTP networks can compete with Visa on consumer payments and other payment flows (e.g., B2B and P2P) but can also be customers for value added services, such as risk management.

**Digital Wallet Providers:** They continue to expand payment capabilities in person and online for consumers and merchants and provide consumers with additional ways to pay. While digital wallets can help drive Visa volumes, they can also be funded by non-card payment options. Digital wallet providers who utilize RTP networks provide additional competition.

**Alternate Payments Providers:** These providers such as closed commerce ecosystems, BNPL solutions and cryptocurrency platforms, 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 can be both a partner and a competitor to Visa.

**Payment Processors:** Payment processors may perform processing services on third-party payment networks on behalf of issuers or acquirers. 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 IFR, we may face competition from other networks, processors and other third- parties who could process Visa transactions directly with issuers and acquirers.

**New Flows Providers:** We compete with alternative solutions to our new flows (e.g., Visa Direct and Visa B2B Connect) such as ACH, RTP and wires. We compete with other global and local card networks for commercial card portfolios. Additionally, we may face competition from financial institution clients who are experimenting with B2B blockchain payments.

**Value Added Service Providers:** We face competition from companies that provide alternatives to our value added products and services. This includes a wide range of players such as technology companies, information services and consulting firms, governments and merchant services companies. The integration of technology like generative AI can create new and better offerings that compete with our value added services, such as strengthened risk monitorization and managing digital identification. Regulatory initiatives could also lead to increased competition in these areas.

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 organisations to provide tailored and innovative solutions. We will continue to utilise our network of networks strategy to facilitate the movement of money. We believe Visa is well-positioned competitively due to our global brand, our broad set of payment products, new flows offerings 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. Visa Europe itself is regulated by multiple bodies across the region. The most significant government regulations that impact our business are discussed below.

**Anti-Corruption, Anti-Money Laundering, Anti-Terrorism and Sanctions:** We are subject to anti-corruption laws and regulations, including the UK Bribery Act and other applicable anti-bribery laws in the jurisdictions in which we operate. As Visa Europe is a subsidiary of Visa Inc., a United States company, we are also subject to the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that generally prohibits 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 applicable anti-money laundering and anti-terrorist financing laws and regulations. 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, Crimea, and the Donetsk People's Republic and Luhansk, People's Republic regions of Ukraine), 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 products and services. In Europe, Visa also complies with UK and EU sanctions regulations where applicable.

**Interchange Rates and Fees:** An increasing number of jurisdictions around the world regulate or influence debit and credit interchange reimbursement rates in their regions. The IFR limits interchange rates in the European Economic Area (EEA) and has been on-shored in the UK pursuant to the Interchange Fee (Amendment) (EU Exit) Regulations 2019.

**Internet Transactions:** Many jurisdictions have adopted regulations that require payments 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 UK and EEA, the IFR prohibits 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. Visa is subject to the European General Data Protection Regulation (GDPR) and the UK GDPR. 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. Governments and/or central banks in countries/regions, including Europe and the UK (as discussed below), have recognised or designated Visa as a retail payment system under various types of financial stability regulations.

**United Kingdom and European Regulations and Supervisory Oversight:** Visa continues to be subject to complex and evolving regulation in the UK and the EEA. Visa Europe is designated as a Recognised Payment System in the UK, bringing it within the scope of the Bank of England's supervisory powers and subject to various requirements, including the CPSS-IOSCO Principles for Financial Market Infrastructures which encompass issues such as governance and risk management designed to maintain the stability of the UK's financial system.

Visa Europe is also regulated by the UK's 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 UK, and ensuring payment systems take care of, and promote, the interest of service-users.

In addition, Visa Europe's activities are also subject to oversight by the ECB and Eurosystem of National Central Banks in accordance with the Eurosystem Oversight Framework for Electronic Payment Instruments, Schemes and Arrangements (PISA).

Since 26 May 2021, Visa Europe has also been under the regulatory supervision of the Dutch regulator, DNB, for payment processing activities in the Netherlands. Pursuant to the Payment Services Act of 2016 the NBP has certain oversight responsibilities in relation to payment schemes and, as a result, exercises oversight of Visa Europe.

Further, during the 2024 financial year, we expect to be designated as a Systemically Important Payment System (SIPS), which will result in Visa being subjected to a heightened level of ECB supervision under their SIPS regime.

There are a number of EU regulations that impact our business. As discussed above, the IFR regulates interchange rates within the UK and the EEA, requires Visa Europe to separate its payment card scheme activities from processing activities for accounting, organisation, and decision-making purposes within the UK and the EEA and imposes limitations on network exclusivity and routing. National competent authorities in the UK and the EEA are responsible for monitoring and enforcing the IFR in their markets. We are also subject to regulations governing areas such as privacy and data protection, anti-bribery, anti-money laundering, anti-terrorism and sanctions. Other regulations in Europe, such as the 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 UK 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 UK. In addition, Visa Europe continues to be subject to complex and evolving regulation in the EEA. As discussed above, we are subject to regulations across Europe.

**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. These changes could have negative implications for our business depending on how the regulations are framed and implemented.

**SECTION 172 (1) STATEMENT:** The directors of the Company act and take decisions in accordance with their statutory duty under Section 172 of the Companies Act 2006 (the "Act"). The information provided in the "Corporate Governance Report" following this Strategic Report, detail the way in which the directors have regard to the matters set out in Section 172 (1) (a) to (f) of the Act in overseeing and promoting the success of the Company.

## Risk management

Visa recognises that the purpose of effective risk management is the creation and protection of value, and that it improves performance, encourages innovation and supports the achievement of objectives of our stakeholders.

Visa's approach to managing risk is through the Three Lines of Defence model defined in the Risk Management Policy. Under that model, risk management is everybody's responsibility, particularly the First Line of Defence. The Second Line of Defence provides oversight and challenge of First Line of Defence business and risk management activities. The Third Line of Defence, Internal Audit, provides independent review of the First and Second Line of Defence adherence to risk and control standards, reporting directly to the Chair of the Audit Committee.

The Risk function is responsible for managing and maintaining oversight of the risk management framework, the corporate risk register and risk governance reporting. The Enterprise Risk Management Framework (ERMF) describes an integrated approach to risk management activities, facilitating the embedding of a disciplined risk management ethos and awareness across the Company.

## Risk governance

Visa Europe retains the necessary autonomy, independence and control to enable it to fulfil its responsibilities in accordance with Visa Europe's status as a recognised operator of a payments system.

Visa Europe has a formal governance structure in place to oversee the effectiveness of systems and controls over risk management. The governance structure is designed to facilitate reporting and escalation of risks or control framework matters across the Company.

The key risk governance forums are:

- **Board Risk Committee** - chaired by an independent non-executive director. Responsible for oversight and providing advice to the Visa Europe Board on a) responsibilities relating to risk management, b) internal controls and compliance, c) finance, and d) legal and regulatory matters.
- **Europe Risk Committee** - chaired by the Europe Chief Risk Officer, includes a sub-set of the Europe Leadership Team, including the Europe Chief Executive Officer. Provides executive level oversight of the functioning of Visa's risk management framework in Europe, including policies, risk appetite, material risks, the associated controls and risk mitigations, and the effectiveness of those controls and mitigations.

## Principal Risks and Uncertainties

Proportionate and effective management of risk is central to the creation and protection of value for all of Visa Europe's stakeholders. Working in accordance with the ERMF and within Visa Europe's Board approved Risk Appetite Framework (RAF), strategic and operational decisions are made, opportunities are prioritised and resources are allocated in order to support the delivery of the Visa Europe strategy within the relevant risk appetite.

Geopolitical tensions and macroeconomic conditions remain as key risks to the business, some of which stems from the Russia-Ukraine conflict. Even with supply chain issues, rising inflation and potential recession uncertainties, the Company remains able to respond to change as required. Regulatory interest in Visa Europe remains high, with a focus on our role in the ecosystem. This year, we see uncertainties due to the pace of innovation, with new technologies, such as generative AI, which presents both risks and opportunity to the business.

<i>Risks</i>	<i>Our response</i>
<b>A. STRATEGIC AND GROWTH RISKS</b>	
<b>Competitive pressure and innovation</b>	
<p>The global payments space is intensely competitive. As technology evolves, and consumer expectations change, new competitors or methods of payment emerge, and existing clients and competitors assume different roles.</p>	<p>Visa Europe has a comprehensive multi-year planning process within the global Visa strategic framework. Market-by-market strategies are in place and regularly revised to target specific business lines.</p> <p>Visa Europe is engaged in a number of strategic partnerships with non-traditional market participants. Visa continues to offer valuable, relevant payment solutions to its clients, and supports individual market strategies in providing a defined onboarding pathway for new and emerging business models, together with key milestones for sustainable growth. Visa is also actively engaging in new and emerging business models and investing in capabilities including cybersecurity that will continue to be relevant.</p> <p>The unified global processing platform aims to increase the speed-to-market, resilience and availability of innovative solutions to our European clients. The enhanced value-proposition delivered by the platform enables greater utilisation of value added services such as real-time risk management and tokenisation.</p>

<b>Risks</b>	<b>Our response</b>
<b>B. OPERATIONAL RISKS</b>	
<b>Operational resilience</b>	
<p>Operating as an enabler of the '4 party payments model' and providing transaction processing services to a wide range of clients across the UK and Europe (and globally) means that Visa Europe is often a key player in maintaining financial stability as consumers rely on a seamless payment experience. As a result, it is important that Visa Europe maintains a high level of service availability, supported by robust operational resilience, due to the fact that consumers and the payments infrastructure at large, is heavily reliant on our services.</p>	<p>Operational resilience at Visa Europe is supported by a range of capabilities and activities; skilled and experienced operational functions; effective cybersecurity practices; demonstration of rigorous operational risk management and having a good understanding of the Company's risk profile and control framework, including internal and external threats.</p> <p>Visa Europe maintains Business Continuity, Crisis Management, IT Disaster Recovery and Third Party Risk functions, complemented with skilled and experienced executive and management leadership, which supports operational resilience.</p> <p>Visa Europe contracts with VTO, a fully owned subsidiary of Visa Inc., for the provision of technology services, including information and cybersecurity. Through this, Visa Europe benefits from enhanced resilience, leveraging global data centres and support. This relationship is overseen as a third party relationship, and governed as such including risk oversight and supplier performance monitoring by the Visa Europe technology function.</p> <p>In line with the "Bank of England Recognised Payment Systems Code of Practice: Operational Resilience" Visa Europe has identified its important business services (IBSs) and defined impact tolerances for them. The systems that the IBSs depend on are built to a high level of resilience with multiple levels of redundancy. We have exceeded our goals this year for the resilience of our systems.</p> <p>Visa Europe has a programme of ongoing testing to validate that it is able to stay within the impact tolerances in a range of potential disruption scenarios, including "extreme but plausible" scenarios.</p>

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### **Third party risk**

<p>To deliver our products and services and pursue our strategic objectives, we rely on a wide range of partners and suppliers. If for any reason they were unable to fulfil their commitments, this could significantly impact our performance and result in financial or reputational implications.</p>	<p>We have a supplier due diligence programme to deliver a thorough risk-based approach for onboarding new suppliers and monitoring for all critical and high/medium risk suppliers. Critical suppliers are subject to an enhanced level of oversight, including on site assessment where appropriate.</p> <p>Suppliers are tiered based on the services that they provide, and subject to regular reviews, including cyber risk assessment, if deemed critical or high risk. All suppliers have a relationship owner in the first line, responsible for assessing performance and ensuring agreed measures are met. In cases of underperformance, active ownership of the issues is taken by the relationship owner, with support from risk where required.</p>
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<b>Risks</b>	<b>Our response</b>
<b>C. TECHNOLOGY RISKS</b>	
<b>Information and cybersecurity</b>	
<p>Our visibility and role in the global payments industry may 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 may be impacted by attacks and data security breaches of financial institutions, merchants, or third-party processors. 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.</p>	<p>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 unauthorised 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, emphasising core cybersecurity capabilities to minimize risk.</p>
<p>Any breach of Visa (including through its acquired entities or third party suppliers) could potentially 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. Furthermore, while we maintain insurance, our coverage may not sufficiently cover all types of losses or claims that may arise.</p>	<p>In the past year generative AI solutions have emerged as an opportunity for Visa, our clients, suppliers, merchants and partners to innovate more quickly and better serve consumers. As new use cases for these technologies emerge, Visa is committed to responsible AI use. Visa will continue to assess our cybersecurity posture.</p>
<p>Rapid adoption and novel uses of generative AI across the marketplace may also introduce unique and unpredictable security risks to our systems, information, and the payments ecosystem.</p>	

Risks	Our response
<b>D. FINANCIAL RISKS</b>	
<b>Credit, settlement and liquidity risk</b>	
<p>Visa Europe is exposed to various financial risks including credit risk (i.e. risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's receivable customers, banks and derivative counterparties), settlement risk (i.e. client credit risk, or the risk that participants within our payments network do not settle outstanding balances when due or a client is unable to meet its obligations to the Company as and when they fall due) and liquidity risk (i.e. risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost).</p>	<p>Visa Europe measures and monitors its level of loss absorbing capital relative to the client credit risk exposure (i.e. settlement risk) generated by the participant with the largest settlement exposure. Visa Europe aims to hold sufficient net liquid assets funded by equity to absorb the potential losses arising from the disorderly failure of its single largest participant.</p>
<p>Visa Europe is required by the Bank of England to meet regulatory capital obligations, which could change if the business model or the regulatory approach changed significantly.</p>	<p>Visa Europe employs a specialist credit settlement risk management team that is responsible for monitoring the credit settlement risk related to each member that participates in the Visa system. This is done by regularly assessing each principal member's financial health and evaluating their ability to respond to a settlement risk (client credit risk), which has a short duration measured in days. The exposure to each member is also assessed based on issuing and acquiring volumes, as well as reviewing the robustness of any merchant risk management undertaken by acquiring members. The latter focuses in particular on members that acquire for merchants with prolonged fulfilment periods. In addition, future service transactions through acquiring pose a longer-term risk. These risks are managed through a range of tools including collateral where members' financial strength is assessed as non-investment grade.</p>
	<p>Other risk management measures include assessing the economic, supervisory and regulatory environment of the countries in which those members operate. To reduce any potential member losses that may arise from members' failure to settle, any members that are assessed as presenting an unacceptable risk to the Visa system are required to provide financial safeguards to ensure performance of settlement obligations arising from card and other product clearing.</p>
	<p>To mitigate liquidity risk, it is the Company's policy that sufficient liquidity must be available on a same-day basis in the amount equivalent to or greater than that represented by the participant with the largest net settlement exposure on any given day. Investment of Visa Europe's cash assets is restricted to financial counterparties with a minimum credit rating of A- and limits are documented for both individual counterparties and by investment instrument type to reduce concentration risk. The Company only invests in high-quality, short-term debt instruments and allows same-day access to cash, if required. This investment strategy also mitigates the Company's credit risk arising from non-client related counterparties.</p>
	<p>In addition to Visa Europe's own liquidity portfolio, Visa Europe is a designated borrower, along with Visa Inc. and other related entities, of a shared, stand-by credit facility with a syndicate consisting of high credit quality financial institutions that Visa Europe can access to meet liquidity needs, if required.</p>
	<p>Visa Europe maintains a buffer above the regulatory minimum capital requirement and this is reviewed quarterly with the Second Line of Defence to ensure it remains appropriate.</p>
	<p>As part of our ERMF, we undertake stress and scenario modelling to assess the financial resilience of the business. The results of this exercise inform the design and execution of Visa Europe's strategy.</p>

<b>Risks</b>	<b>Our response</b>
<b>E. LEGAL AND REGULATORY RISKS</b>	
<b>Data privacy</b>	
<p>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 ongoing efforts to comply with data protection laws in light of evolving guidance 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, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. Future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory fines and significant legal liability.</p>	<p>Visa's global privacy program employs a GDPR-based approach to global privacy compliance and is designed to ensure that data practices remain consistent with Visa's established Data Values and internal Global Privacy Policy. Visa demonstrates accountability for data protection laws through its robust governance framework. The Global Privacy Office works in conjunction with the Global Data Office to evaluate new data use cases and to define a strategic vision for Visa's data related businesses. The global privacy program is operationalised by a privacy controls framework and privacy risk assessment process which provide a comprehensive structure for managing privacy and data protection risks. Visa Europe works in accordance with the same practices and principles. Visa continues to enhance the program to protect and enhance data by promoting accountability, transparency and innovation.</p>

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### **Market and regulatory environment**

By a recognition order dated 19 March 2015, HM Treasury categorised Visa Europe as a recognised "payment system" for the purposes of Part 5 of the Banking Act 2009. As a result, the Bank of England has assumed oversight of Visa Europe pursuant to its statutory responsibility for the oversight of designated payment systems and, more broadly, for monetary and financial stability of the UK. In addition to the Bank of England, Visa Europe's activities are also subject to oversight by the UK PSR; and oversight by the ECB and Eurosystem of National Central Banks in accordance with the Eurosystem Oversight Framework for Electronic PISA.

Since 26 May 2021, Visa Europe has also been under the regulatory supervision of Dutch regulator, DNB, for payment processing activities in the Netherlands. Visa Europe is also subject to oversight by the NBP.

Further, during the 2024 financial year, we expect to be designated as a SIPS, which will result in Visa being subject to a heightened level of ECB supervision under their SIPS regime.

The PSR launched two market reviews focused on EEA/UK cross-border interchange and scheme/processing fees pricing, which are currently underway. Visa Europe will continue to engage with the PSR on these reviews.

Visa Europe maintains dedicated risk and regulatory functions with extensive knowledge of UK and European payments regulations. As the industry evolves, we engage with Government, Regulators and our clients to help shape regulatory change to meet the needs of our clients and consumers.

<b>Risks</b>	<b>Our response</b>
<b>E. LEGAL AND REGULATORY RISKS (Continued)</b>	
<b>Litigation risk</b>	
<p>Visa Europe is involved in various litigation matters and investigations (these are referred to as "actions" in this section). Details of the most significant actions against the Company are described more fully in Note 25, Contingent liabilities, in the accompanying Notes to the financial statements.</p> <p>These actions are inherently uncertain, expensive and disruptive to our operations. In the event we are found liable or reach a settlement in any material action, 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 litigants in the same or other jurisdictions, which may lead to additional actions against Visa.</p>	<p>Visa Europe seeks to minimise litigation risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training, the use of appropriate documentation, and the involvement of outside legal counsel, where appropriate.</p> <p>Although losses will be borne in the first instance by Visa Europe, Visa Inc., the Company's overall parent company, has agreed to recapitalise Visa Europe if financial resources fall below levels that are outside Visa Europe's risk appetite as a result of any litigation settlement. Visa Europe maintains a Financial Recovery Plan that details the steps that would be taken in the event of any significant shortfall in financial resources.</p>

Risks	Our response
<b>F. BUSINESS RISKS</b>	
<b>Global risk</b>	
<p>The global economic, political, market, health and social events or conditions, including geo-political tensions, may harm our business. 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 economic, political, market, health and social events or conditions.</p>	<p>Visa Europe is focused on the identification, monitoring and response to various geopolitical and macroeconomic developments and events that may detrimentally impact our business.</p>
<p>Adverse macroeconomic conditions, including but not limited to, recessions, inflation, rising interest rates, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, rising energy prices, or a slowdown of global trade and reduced consumer, small business, government, and corporate spending, have a direct impact on our transactions and revenues. Furthermore, in efforts to deal with adverse macroeconomic conditions, governments may introduce new or additional initiatives or requests to reduce or eliminate payment fees or other costs. In an overall soft global economy, such pricing measures could result in additional financial pressures on our business.</p>	<p>Visa Europe is focused on further growing its diverse revenue sources. This comprises of capturing new flows of payments beyond C2B such as B2B, B2C and G2C segments. Visa Europe is also focused on broadening its revenue streams by expanding the capabilities of its existing network by offering several enhanced capabilities and services, including fraud prevention and security, processing, loyalty, merchant and digital solutions, consulting and data solutions.</p>
<p>In addition, outbreaks of illnesses, pandemics, like COVID-19, or other local or global health issues, political uncertainties, international hostilities, armed conflicts, wars, civil unrest, climate-related events, including the increasing frequency of extreme weather events, impacts to the power grid, and natural disasters have to varying degrees negatively impacted our operations, our clients, third-party suppliers, activities, and cross-border travel and spend.</p>	<p>Visa Europe actively engages with Government, Regulators, our clients and various industry bodies in influencing regulatory change as well as monitor and respond to relevant geopolitical developments that may impact our business. As part of a global organisation, Visa Europe seeks to bring the benefits of the global infrastructure, brand and protection to its clients.</p>
<p>Geopolitical trends towards nationalism, protectionism, and restrictive visa requirements, as well as continued activity and uncertainty around economic sanctions, tariffs or trade restrictions also limit the expansion of Visa's business in certain regions and have resulted in Visa suspending operations in other regions.</p>	<p>As we build business resilience and long-term value, we are committed to managing the risks and opportunities that arise from ESG issues. Visa is proud of our recognition as an industry leader on sustainability, including being named on the Dow Jones Sustainability Index for five consecutive years and being recognized as an "A List Company" by CDP Worldwide for 2022. Visa has also completed a global climate risk assessment in alignment with the Task Force on Climate-related Financial Disclosures (TCFD), the results of which inform key functions, including risk, strategy and government engagement. Additional details can be found in our Corporate Governance Report on page 20, and our Non-Financial and Sustainability Information Statement on page 24, and Visa's 2022 ESG report, which provides enhanced ESG disclosures, is available on Visa's website at: <a href="https://usa.visa.com/about-visa/esg.html">usa.visa.com/about-visa/esg.html</a>.</p>
<p>Finally, as governments, investors and other stakeholders face additional pressures to accelerate actions to address climate change and other ESG topics, governments are implementing regulations, and investors and other stakeholders are imposing new expectations or focusing investments in ways that may cause significant shifts in disclosure, commerce and consumption behaviours that may have negative impacts on our business.</p>	

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### Corporate responsibility and sustainability

We are subject to laws, regulations and other measures that govern a wide range of topics, including those that are related to matters beyond our core products and services, such as matters that touch upon sustainability, climate change, human capital, inclusion and diversity, and human rights. A wide range of stakeholders, including governments, customers, employees, and investors are increasingly focused on and are developing expectations regarding these corporate responsibility matters.

We have established corporate responsibility and sustainability (CRS) related initiatives and adopted reporting frameworks including our Non-Financial and Sustainability Information Statement included for the first time this year on page 24.

## Our business and operating performance

There were nearly 642 million Visa-branded cards in circulation in Europe at the end of financial year 2023. This represents a 3% increase on the previous year.

These cards - in a face-to-face context, stored on file at online merchants, or through a mobile device - were used over 72 billion times during the year. This amounts to nearly 199 million transactions for every day of the year. This usage is to a large extent driven by the continued expansion of contactless across the region. Contactless is also a key driver of the long-term contraction in the average transaction value, as customers elect to use their card for smaller and more frequent purchases.

Total volume (payments volume and cash volume) grew 7% compared to financial year 2022. Volumes continue to benefit from the expansion of contactless payments.

International cross-border outbound (issued) and inbound (acquired) volumes saw continued resumption in travel following the COVID-19 pandemic, with growth benefit from lapping depressed travel in the first half of financial year 2022 (i.e., a full year has passed since the impact of COVID-19 and the event is no longer reflected in year-over-year growth rates). Cross-border volumes within the Visa Europe region (intra-regional volumes), which excludes domestic volumes within a Visa Europe country, recorded growth of 11% for the year, benefiting from the strong recovery in face-to-face travel somewhat offset by localisation of card-not-present volumes to and from the UK.

The following measures are indicative of the past performance of the Company.

Year ending June	2019	2020	2021	2022	2023
Number of cards (000)	561,872	567,517	583,327	623,276	641,854
Number of transactions (000)	51,242,075	51,231,564	54,700,524	66,365,885	72,520,823
Total volume (€000)	2,339,634,121	2,263,397,316	2,360,284,445	2,730,841,779	2,923,755,712

Note: Data is calculated using constant exchange rates to minimise the effect of exchange rate movements.

Transaction counts in this table include transactions on Visa cards not processed by Visa.

Total volume is the sum of payments volume and cash volume.

## Company financial performance

Operating revenues: €5,382 million (2022: €5,252 million). Operating revenues consist of service revenues, data processing revenues, international transaction revenues and other revenues reduced by costs incurred under client incentive arrangements. Payments volume and number of processed transactions are the primary drivers of revenues. Operating revenue increased 2.5% from the prior year primarily due to the year-over-year growth in payments volume and processed transactions, and the continued expansion of contactless expenditure and payments, partially offset by higher client incentives. The increase in operating revenue was also driven by an increase in international cross-border volumes as cross-border travel saw continued resumption following the COVID-19 pandemic and an increase in cross-border volumes within the Visa Europe region (intra-regional volumes), benefiting from the strong recovery in face-to-face travel.

Gross revenues of €7,144 million (2022: €6,746 million) were reduced by client incentives of €1,762 million (2022: €1,494 million). Client incentives increased in conjunction with the increase in payments volume during financial year 2023. Increase in client incentives was also due to new deals and amendments. In addition, actual client performance was better against prior year as a reflection of COVID-19 recovery. 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. Gross revenues are net of rebates received by clients, driving reduced prices, of €292 million (2022: €103 million).

Operating expenses: €2,020 million (2022: €1,669 million). The increase in operating expenses over the prior year was primarily driven by an increase in intercompany expenses, largely due to higher costs levied on the Company related to the increase in processed transactions during the year, as well as an overall increase in fees and additional royalties. The increase was also driven by higher personnel expenses, due to a higher number of employees and compensation, reflecting our strategy to invest in future growth, as well as higher litigation settlement costs and foreign exchange net losses.

Profit before tax: €3,505 million (2022: €3,519 million). The performance represents a decrease of 0.4%. Profit before tax includes finance income of €142 million (2022: finance expense of €(21) million). The increase in finance income largely arises due to the increase in interest rates during the year resulting in higher net interest income.

Total assets: €9,612 million (2022: €9,126 million). The increase in total assets of €486 million has primarily been driven by the increase in trade and other receivables of €534 million, partially offset by the decrease in cash of €(28) million and the decrease in retirement benefit asset of €(19) million. The increase in trade and other receivables was primarily due to growth in payments volume, as well as an increase in amounts owed by related parties and an increase in client incentive assets. The increase in amounts owed by related parties was largely driven by an increase in the international settlement receivable position between the Company and Visa Inc., which is normally settled daily on the next business day.

Cash balances: €5,739 million (2022: €5,767 million). The decrease in cash of €(28) million has been driven by net cash used in financing activities of €(2,636) million, primarily due to €(2,618) million in dividend payments during the year, partly offset by cash provided by operating activities in 2023 of €2,512 million and €129 million of investing activities. Cash provided by operating activities was primarily due to profit before tax of €3,505 million, partly offset by income taxes paid of €(881) million, net movements in working capital of €(76) million and contributions to retirement benefit schemes of €(19) million. Investing activities included interest received, partly offset by the purchase of tangible assets. We regularly evaluate cash requirements for current operations, commitments, development activities and capital expenditures.

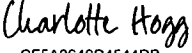
Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we believe that cash flow generated from operations, in conjunction with access to our other sources of liquidity, will be sufficient to meet our ongoing operational and projected liquidity needs for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

## Significant financial matters

The following financially significant events occurred in financial year 2023:

- During the year, the Company paid a total of €2,618 million in cash dividends to its immediate parent, Visa International Holdings Limited, in line with the Visa Europe Capital Management and Dividend Policy and Annual Dividend Plan.
- The Company agreed to settlements of €145 million in total with individual merchants related to multilateral interchange fees and other claims. Refer to Notes to the financial statements, Note 25, Contingent Liabilities, for further details.

On behalf of the Visa Europe Board

DocuSigned by:  
  
CF5A9649D4544DB...  
Charlotte Hogg  
Chief Executive Officer

13 December 2023

## Corporate Governance Report

### Introduction

Visa Europe's purpose is to uplift everyone, everywhere by being the best way to pay and be paid - enabling individuals, businesses and economies to thrive and in doing so, we apply high standards and best practice to its corporate governance arrangements, and complying with the regulatory governance requirements of our regulators. Following the implementation of the Companies (Miscellaneous Reporting) Regulations 2018 (the **Regulations**), and as a result of meeting certain thresholds, the Visa Europe Board complies with the Regulations through applying the Wates Principles as our framework for governance reporting.

### Section 172 Statement

Section 172 sets out the duty of directors to promote the success of the company. A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

### Principles

Visa Europe is a subsidiary of a larger global listed company, Visa Inc., our overall parent company and shareholder that is regulated by the Securities and Exchange Commission and supervised by the Federal Financial Institutions Examination Council. In addition, we have governance requirements in place to ensure local oversight of relevant Section 172 matters. The directors have chosen to apply each of the Wates Principles in setting out how we have had regard to Section 172, in our principal decision making during the financial year.

**Principle 1 - Purpose and Leadership** - *an effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Our purpose is to uplift everyone, everywhere by being the best way to pay and be paid. We have a clearly articulated strategy framed around - the collective vision to be the best way to pay and be paid for everyone, everywhere (as previously discussed in the Strategic Report). The Board and Executive team actively develop and promote the success of the Company, acting with integrity and with a clear understanding of the views of all of our stakeholders. The Board engages regularly on strategic issues and planning, assessing the opportunities and risks facing the Company. The strategy is clearly communicated and further embedded through regular interaction with colleagues, including through leadership briefings, all-colleague meetings and regular training, which inform expected behaviours and practices throughout the business and ensuring the right resources to deliver the strategic objectives.

At Visa Europe, we recognise the importance of a strong culture of accountability, and have voluntarily implemented an Individual Accountability Model (IAM). The IAM mirrors key aspects of the Senior Managers and Certification Regime, showing the clear accountabilities for those Board members who have prescribed responsibilities (in addition to key executives), and monitor against those on an annual basis. We have tailored the IAM to our business ensuring it is reflective of the risk and regulatory oversight Visa Europe receives as a recognised payment system. In addition, Visa's Leadership Principles, refreshed and updated in September 2023, further reinforce that at Visa, it is not only about what you achieve, but how you do it and provides a framework for how Visa colleagues are evaluated and rewarded. They are also used to identify individual opportunities for growth and development and focus not only on what people accomplish but how they go about doing it.

The Board seeks to make decisions in the best interests of Visa Europe, having due regard to all of our stakeholders (as detailed below in principle 6) as well as our regulatory obligations, in particular in relation to our role as a systemic risk manager, including operational resilience, financial strength and stability (both relating to capital and liquidity) and the management of third party critical suppliers. The Board and Executive promote a positive, inclusive and diverse culture of wellbeing and social responsibility. This creates a culture driving the right behaviours through various programmes including training and awareness initiatives, senior executive podcast interviews, a wellbeing portal and wellness benefits for employees, such as wellness hours.

**Principle 2 - Board Composition** - *effective board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.*

The Visa Europe Board is made up of 4 independent non-executive directors (**INEDs**), (1 of whom is appointed as Board Chair and 1 of whom is appointed as Senior Independent Director), 2 non-executive directors (**NEDs**) (appointed by Visa Inc., as overall parent and shareholder representatives) and 2 executive directors (Europe Chief Executive Officer and Europe Chief Financial Officer).

The Board consists of a broad range of diverse skills and experience drawn from regulated businesses and other sectors such as retail, business services and technology as well as Visa's own business. Board member biographies can be found on the Company's website: <https://www.visa.co.uk/about-visa/visa-in-europe.html#1>

The Committees, reporting directly to the Board, consist of the Risk Committee, Audit Committee, Nominations Committee and Remuneration Committee, each composed of an independent Chair and a majority of INEDs. The Board Chair (Alison Deborah Hewitt) is a named person to whom whistleblowing claims can be escalated, in line with approved Compliance policies.

The Board and Committee structure and composition is agreed by the Board to be appropriate for Visa Europe (as a regulated subsidiary of a large listed global business) providing a good balance of experience, knowledge and skills. Both internal and externally led Board effectiveness reviews are carried out on a periodic basis to ensure the Board remains effective, skilled and diverse in its approach, and the Nominations Committee periodically reviews Board composition.

The Board is governed by the documented Matters Reserved to the Board. These, along with Committees' Terms of Reference, are reviewed annually to ensure their continued relevance and effectiveness.

**The Risk Committee:** chaired by Philippe Tromp. Responsible for oversight and providing advice to the Visa Europe Board on responsibilities relating to a) risk management, b) internal controls and compliance, and c) financial risk.

**The Audit Committee:** chaired by Hamayou Akbar Hussain. Responsible for oversight and providing advice to the Visa Europe Board on responsibilities relating to a) Internal Audit, b) external audit, and c) financial controllership.

**The Nominations Committee:** chaired by Alison Deborah Hewitt. Responsible for oversight and providing advice to the Visa Europe Board on Board appointments and succession planning.

**The Remuneration Committee:** chaired by Alison Deborah Hewitt. Responsible for oversight and providing advice to the Visa Europe Board on performance reviews and remuneration of certain executives.

**Principle 3 - Director Responsibilities** - *a Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making and independent challenge.*

Internal governance documents and policies including the Articles of Association of the Company, Matters Reserved to the Board, Terms of Reference of the Board Committees, Individual Accountability Model, and Conflicts of Interest Policy, are all in place. These set out the responsibilities of those who are members of the Board and respective Committees. The governance documents provide directors the framework from which they make effective decisions and provide independent challenge, delivering long-term value and success. These documents and policies are reviewed regularly by the Board and/or the various Committees. In addition to undertaking a detailed programme of induction training on appointment, the Board also takes part in periodic training sessions during the year on various topics, including refresher training where appropriate.

**Principle 4 - Opportunity and Risk** - *a Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

The Board actively promotes the long-term sustainable success of the Company, identifying both long and short-term opportunities, through an annual Board strategy review process in line with the risk management framework and quarterly business unit reviews. Key risks are identified (see Principal Risks and Uncertainties outlined in the Strategic Report) and regularly reviewed and discussed along with any residual risks, and the methods of mitigating those risks by the Risk Committee and/or Board over the course of the financial year during Board & Committee meetings and in dialogue with senior management.

**Principle 5 - Remuneration** - *A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Visa Europe has an established policy on remuneration within Visa Inc.'s Global Framework for its employees and this is presented to the Visa Europe Board annually by the Visa Europe People executive. The framework is aligned with performance, Visa's Leadership Principles (based on the principle of pay for performance) and the achievement of the Company's strategy. This also takes account of wider employee pay and conditions, and a gender pay gap report is presented to and approved by the Board on a yearly basis. The Remuneration Committee, consisting of a majority of INEDs, has clearly defined Terms of Reference which include reviewing the performance and remuneration of key executives.

**Principle 6 - Stakeholder Relationships and Engagement** - *Directors should foster effective stakeholder relationships aligned to the company's purposes. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce and having regard to their views when taking decisions.*

We are committed to delivering value to all of our stakeholders for the future success of the Company and our communities and consider the impact of our business on a range of stakeholders when making decisions. We are committed to transparency and effective engagement with our stakeholders, we regularly review our relationships with key stakeholders, and the impact of these relationships on the Company's business is monitored closely.

**Clients:** Our commitment to our clients remains at the forefront of our efforts, as does the critical role we play in maintaining the stability, security and resilience of the global payment ecosystem. Visa has continued to take steps to ensure the reliability of our network and provide operating and economic stability for all of our clients.

**Regulators:** Throughout financial year 2023, the Board continued to oversee the business of the Company in light of Visa Europe being a financial market infrastructure provider and continued active engagement with our primary regulator, the Bank of England, as well as other regulators including the PSR, ECB, DNB and the NBP.

**Shareholder:** A number of channels are used to receive feedback from the Shareholder, including two (shareholder representative) NEDs that sit on the Board - and periodic 1:1 meetings between the Visa Europe Board Chair and the Visa Inc. Chief Executive Officer, and other Visa Inc. executives promoting transparent and effective engagement. Certain Visa Inc. executives also meet with the Visa Europe Board to provide updates on their priorities from a global perspective.

**Employees:** At Visa, we want our employees to feel like they belong. We invest in a workplace that encourages diversity of thought, culture and background so that diverse perspectives are embedded in the work that we do. We create an inclusive workplace by encouraging employees to come as they are and by investing in robust inclusion and diversity training. We conduct periodic polls and pulse surveys to keep abreast of our employee engagement and wellbeing and seek to offer an attractive benefits package which supports our focus on inclusion and diversity, which is regularly reviewed and updated.

Visa Europe also conducts annual equal pay audits to ensure that women and men who are doing similar work are paid fairly, and we comply with gender pay gap reporting in the UK. The results in our gender pay gap report show long-term progress in the diversification of our workforce. Visa Europe continues to drive conversations on equal pay and employee diversification. Gender pay equality is only one dimension of our broader diversity policy. We actively seek diverse talent, who will offer different perspectives from a variety of backgrounds to enhance us as a company. Our gender pay gap report is available to view on: <https://www.visa.co.uk/about-visa/visa-in-europe.html#3>.

Visa Europe is committed to and achieved gender diversity targets for the entire organisation as well as senior female leadership as part of the Women in Finance Charter ahead of its deadline of 2023 and have reset additional stretch targets for this period to 2025. These new goals demonstrate our ongoing commitment to improving the representation of women in Visa Europe. In addition, we remain committed to diversity and inclusion more broadly within our employee population, for example across sexual orientation, ethnicity, caring responsibilities and mental health, expanding the circulation of a self ID survey in the UK to four other countries in Europe (Poland, Spain, Germany and the Netherlands) which will allow analysis of non-gender based diversity recruitment and leadership in the those countries.

The Board has regard to interests of employees through regular updates from executive management on employee sentiment through employee survey results, reports from the business teams and the People team, and an annual report from the Visa Europe's Pensions Trustee Company.

During 2023, Hamayou Akbar Hussain, our Employee Engagement Director (EED), held a number of cohort meetings during the year with a range of employees from across the business seeking their views on Visa Europe, and reported back to the Board on those discussions.

**Key Third Party Suppliers:** We foster effective relationships with our 3rd party service and product providers through a supplier management framework with all critical suppliers including VTO, a subsidiary of Visa Inc. As part of this governance framework, suppliers engage with Visa Sourcing, or Technology where appropriate, and business owners through monthly reporting and meetings and quarterly business reviews and annual performance reporting. In addition, given the importance of VTO (as an intra-group critical supplier), Visa Europe engages with VTO through the Visa Europe Board receiving monthly reporting from VTO, updates from the Visa Europe Chief Executive Officer regarding her twice yearly meetings held with VTO and annual reporting from VTO to the Visa Europe Board.

**Supplier Management:** In financial year 2023, we expanded our governance framework to include those suppliers identified as being strategically important to Visa (in addition to those Critical suppliers already managed). This includes standardised meetings, reporting, and assigned roles and responsibilities, including a senior leader in Visa involved in the relationship and performance oversight of each strategic supplier.

As part of Visa's broader supplier management, Visa Europe has created an ESG in Supply Chain strategy and program, designed to monitor, report and improve Visa's third party suppliers approach to environmental, labour, ethics and governance aspects within their operation. Our ultimate aim is utilising these insights to engage our suppliers and influence positive change in their overall ESG performance.

Our suppliers are covered by our Supplier Code of Conduct as outlined under "Operating Responsibly".

The Visa Europe Board also recognises the severity of modern slavery and has taken steps to ensure we have controls against modern slavery and human trafficking across our suppliers and approves Visa Europe Modern Slavery Act Statement annually. You will find the most recent statement available here:

<https://www.visa.co.uk/about-visa/visa-in-europe.html#3>

**Other Stakeholders:** Visa recognises the importance of corporate responsibility, sustainability and ethical leadership and we have summarised our efforts below. Further details are available in Visa's 2022 ESG Report:

<https://usa.visa.com/content/dam/VCOM/regional/na/us/about-visa/documents/2022-environmental-social-governance-report.pdf>

- **Empowering People & Economies:** Visa is committed to advancing inclusive, equitable and sustainable economic growth for everyone, everywhere. We are focused on reaching people - as individuals, households and business owners - who historically have been underserved, providing them with access to digital payments and other resources that can help improve their economic livelihoods, business and communities.
- **Securing Commerce & Protecting Customers:** Visa's ecosystem is a network of networks that enables participants to move money for everyone, everywhere. We are committed to making our ecosystem the most secure, resilient and trusted engine of commerce.
- **Protecting the Planet:** Our initiatives to deliver on our corporate goals for environmental stewardship and climate action begin with our efforts within Visa. We work to reduce the environmental footprint from our business activities, which primarily include data centres and offices, employee commuting, business travel, corporate events and purchased goods and services from our suppliers. Visa believes in the importance of helping to protect our planet and natural resources and supporting climate action. We strive to use our products, services, network, expertise, brand and partnerships to minimise the environmental footprint of our operations, inspire and empower sustainable commerce and support the global transition to a low-carbon economy.
- **Operating Responsibly:** Visa continues to operate as a responsible and ethical company by upholding the highest standards for integrity, compliance and corporate governance. We continue to improve our Supplier Code of Conduct through activities such as developing ethical and agile onboarding procedures and revising our Code of Business Conduct and Ethics to improve transparency and clarity. Links to these codes can be found here:
  - <https://usa.visa.com/dam/VCOM/global/common-assets/documents/visa-supplier-code-of-conduct.pdf>
  - <https://www.visa.co.uk/about-visa/visa-in-europe.html#3>

In accordance with the Regulations, this Corporate Governance report will be published and available to view on the Visa Europe website at [www.visa.co.uk](http://www.visa.co.uk).

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## Non-Financial and Sustainability Information Statement

### **Protecting the Environment**

Visa believes in the importance of helping to protect our planet and natural resources and supporting climate action. We strive to use our products, services, network, expertise, brand and partnerships to minimize the environmental footprint of our operations, inspire and empower sustainable commerce and support the global transition to a low-carbon economy. Our approach includes sustainable operations, sustainable movement, and sustainable solutions.

### **Climate Related Financial Disclosures**

The TCFD was established to improve reporting of climate-related risks and opportunities. Visa Europe, as a large private company, is required to produce enhanced climate-related disclosures relating to the UK and is reporting these in this report, broadly aligned with the TCFD recommendations, for the first time.

### **Governance**

Visa Europe believes in the importance of strong layers of governance to ensure proper guidance and oversight is provided across our approach to ESG. We manage ESG activities at a Visa Inc. functional level across our strategic and operational areas, with Visa Inc. executive and Board oversight. To ensure it remained aligned with Visa Inc's oversight, during the year the Visa Europe Board discussed a range of ESG topics, including, amongst others, inclusion and diversity and climate change, energy usage and sourcing, hearing from the CEO, Head of People, and Head of Inclusive Impact and Sustainability on Visa's global approach to these risks and opportunities.

Our Three Lines of Defence (3LoD) approach to managing risk is outlined below and the potential for climate-related risks are regularly reviewed as part of this approach. If a risk was identified, it would be identified through review of our Corporate Risk Profile and escalated through our management (Enterprise Risk Committee) and Board Risk Committee governance structures as appropriate.

### **Risk Management**

The ERMF supports the achievement of Visa Europe's objectives by bringing a consistent and pragmatic approach to risk management: Visa Europe's process to identify, assess, treat, monitor, and report risks. The ERMF provides an overarching approach of how Visa Europe manages risk, the effect of uncertainty on objectives, and is supported by bespoke Risk Management Frameworks that provide more details and context across Visa's Risk Categories.

Visa Europe's approach to managing risk is by implementing the 3LoD defined in its Risk Management Policy. Under that model, risk management is everybody's responsibility - the First Line of Defence (FLoD). The Second Line of Defence (SLoD) provides oversight and challenge of FLoD business and risk management activities. The Third Line of Defence, Internal Audit, provides independent review of the FLoD and SLoD adherence to risk and control standards, reporting directly to the Board. To ensure this is performed effectively, each Europe Leadership Team member has full ownership of risks and accountability for risk management in their respective functions, ensuring that risk and reward considerations are taken into account during decision making, and for promoting effective management of risk across Visa Europe.

In terms of managing climate-related physical risks, our business continuity team monitors possible risks of service interruption to transaction processing systems and the health and safety of employees that may result from natural disasters and other disruptions impacted by climate change.

Operational risks that such events pose are incorporated into the broader Enterprise Risk Management (ERM) process to identify each potential disruption event and the appropriate response.

At Visa, we recognise that climate change is exacerbating a number of physical risks by increasing their frequency and severity. As part of our TCFD assessment, the increased probability of physical hazards was considered in numerous areas where Visa has major facilities including the UK. This assessment looked at extreme events, and the increased probability of these events impacting Visa under the two scenarios. Complementing this analysis, we also have business continuity and crisis management plans in place to protect company assets against business interruptions through continuation and recovery of business processes, functions and services to mitigate these risks. We determined that Visa Europe is reasonably prepared for physical impacts on our operations and workforce under both assessed scenarios. This is due to the business continuity and crisis management plans, as well as Visa Europe's strong network and backup systems that help ensure business continuity, should a natural disaster strike.

In terms of managing climate-related opportunities, such as expanding into new markets or transitioning to renewable energy sources, we have strong infrastructure to expand our payment services to target new market participants in a low carbon economy. Our risk management and business strategy processes consider potential business opportunities, including those related to climate change.

## Metrics and Targets

Visa has set a goal to achieve net-zero emissions by 2040, ten years ahead of the Paris Climate Agreement goal. Visa's goal covers both direct operations and our supply chain. Visa's net-zero goal is aligned with global standards and definitions and will include efforts with suppliers to abate a significant portion of the greenhouse gas footprint of the Company's purchased goods and services. In May 2022, the Science Based Target Initiative (SBTi) approved Visa's Science Based Targets at the 1.5 degree Celsius ambition level.

## UK Streamlined Energy and Carbon Emissions Report (SECR)

In line with the SECR reporting regulations, we report on Visa Europe's UK energy usage and carbon emissions. In 2023, we continued our commitment to improve our energy efficiency and procure renewable energy in the UK. We used approximately 20.5 million kilowatt-hours (kWh) of energy from electricity, natural gas and other fuels. This represents a 3% percent decrease in consumption compared to 2022. Our energy intensity per square foot, a commonly used metric that adjusts for growth, also decreased by 3% percent year-over-year. This decrease is primarily driven by reduced energy use due to operational improvements at Visa's largest London facility.

## Calculation Methodology

Visa Europe's UK carbon footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol of the World Business Council for Sustainable Development. Energy use information is collected directly from facilities and/or energy utilities for major facilities. The majority of Visa Europe's energy use and emissions is in the UK, where data is gathered from office and data centre premises. Some of Visa Europe's smaller locations have energy use and emissions estimated based on reported data for major sites. Renewable energy purchases are allocated following the GHG Protocol and RE100 guidance.

UK Activity	Energy (kWh)		Emissions (Metric Tons CO <sub>2</sub> e)	
	2023	2022	2023	2022
UK Energy Use – Fuels (Scope 1 & 3) Natural gas, other stationary, and mobile fuel combustion	6,467,408	6,206,631	1,552	1,189
UK Energy Use – Fuels (Scope 3) Business travel mobile fuel combustion	2,859	5,094	1	1
UK Energy Use – Biogenic Fuels Biogenic fuel combustion and associated CO <sub>2</sub> emissions	146,361	18,447	40	5
UK Energy Use - Electricity (Scope 2) Electricity use	13,708,194	14,787,780	0	0
Total Fuel and Electricity Energy and Emissions*	20,324,822	21,017,952	1,593	1,195
Emissions Intensity Ratio - per 1,000 square feet**	53,831	55,526	4.2	3.1

\*Total energy use (and intensity) includes biogenic fuels. Total emissions (and intensity) does not include biogenic CO<sub>2</sub>, as this is reported separately from other emissions according to the GHG Protocol.

\*\*The emissions intensity ratio is representative of Scope 1 and 2 market-based emissions. All Scope 2 figures reported are market-based emissions.

## Energy Efficiency actions taken during the year:

Visa Europe's Paddington office conducted a pilot program of office shutdowns during financial year 2023 to conserve energy and energy management was prioritised. Visa Europe's UK facilities all procure renewable electricity from British Gas and additional Visa Europe sites procure renewable electricity via renewable energy attribute certificates in alignment with Visa's corporate goal to consume 100% renewable electricity across global operations and our commitment to the RE100. Additionally, the UK sites recently received BREEAM (Building Research Establishment Environmental Assessment Method) certification which supports energy efficiency in their ongoing operations.

**Scope 1 and Scope 2:**

Visa has an approved Science Based Target of a 50% reduction of Scope 1 and Scope 2 emissions by 2030, which was approved in 2022. This target covers 100% of Visa's global operations, inclusive of all Scope 1 and 2 emissions.

Given the nature of Visa's Scope 1 and 2 footprint, the primary method for achieving our target will be through our continued procurement of 100% renewable electricity. Visa set a goal to cover electricity consumption for 100% of our global operations with renewable electricity, which was achieved in 2020 and maintained through the reporting year. In addition to renewable electricity procurement, Visa is also making efforts to reduce our Scope 1 emissions. This includes through energy efficiency projects at our data centres and offices, prioritising the occupancy of green facilities and buildings, and taking steps to lower the emissions impact of our global fleet through upgrades and the use of sustainable fuels.

**Scope 3:**

Visa has an approved Science Based Target of a 42% reduction in Scope 3 emissions by 2030, which was approved in 2022. This target covers 100% of Visa's Scope 3 emissions.

The primary contributor to Visa's Scope 3 emissions is from our purchased goods and services, accounting for 91% of total Scope 3 emissions in financial year 2022. Therefore, our primary plan for achieving this target will be the implementation of our supplier engagement program. This program, and its accompanying initiatives, will focus on engaging with suppliers to improve disclosure and drive climate-related action. This program will aim to help suppliers reduce their own emissions, which will also reduce the upstream impact of Visa's business. In addition, there are other Scope 3 categories that were larger contributors to our overall footprint prior to the COVID-19 pandemic. This includes business travel and employee commuting. Visa is also undertaking efforts to limit these impacts, including engaging employees to encourage sustainable modes of travel and sustainable properties and joining the United Eco Skies Alliance and the purchase of sustainable aviation fuel.

**Strategy**

Visa conducted a TCFD assessment to evaluate the climate-related transition and physical risks to our business, across two climate scenarios:

- a. Business as Usual: a future of continued high emissions, where temperatures continue rising at current rates, hitting a range of 3° to 5° C by 2100; and
- b. 2° Degree: a low emissions scenario aligned with the Paris Agreement, where temperatures are held below 2°C above pre-industrial levels by 2100.

The TCFD assessment also assessed the level of preparedness for potentially substantive risks, including recommendations for enhanced risk management. To better understand the impact that climate-related risks and opportunities have on our business, and to assess if these risks may have a substantive impact on our business in the future, we intend to update the TCFD assessment on a periodic basis and further leverage the findings into our existing ERM process.

The identified operational business risks did not cross the materiality threshold for inclusion in Visa's ERM. This is due in part to the nature of Visa's business, because as a digital payments technology company, we have a relatively small direct and indirect carbon footprint. This footprint, and associated risk exposure, has declined even further in recent years due to our procurement of 100% renewable electricity covering global operations. Additionally, given the nature of Visa's business, and the fact that neither direct operations, nor the majority of the value chain operate in energy and emissions intensive sectors, the exposure to climate-related risk is also limited.

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## Directors' Report

The directors present their annual report and audited financial statements for Visa Europe Limited (Visa Europe or the Company) for the year ended 30 September 2023.

In accordance with Section 401 of the Companies Act 2006, the Company has availed its exemption from the requirements to prepare consolidated financial statements as the financial result of the Company, and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc., the Company's overall parent company, for the years ended 30 September 2023 and 2022. Visa Inc.'s financial statements are prepared in accordance with accounting standards which are considered equivalent under the requirements of Section 401 of the Companies Act 2006. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website and also on Companies House website.

### Principal activities

Visa is one of the world's leaders in digital payments. Our purpose is to uplift everyone, everywhere by being the best way to pay and be paid. We facilitate global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions and government entities through innovative technologies.

### Business objectives and activities

Developments in Visa Europe's business during the year, and an indication of likely future developments, are outlined in the Strategic Report on pages 2 to 19, which form part of this Directors' Report.

### Results and dividend

The Company's business, operating and financial performance are discussed in the Strategic Report on pages 18 to 19, which form part of this Directors' Report.

During the year, the Company paid a total of €2,618 million interim cash dividends to its immediate parent, Visa International Holdings Limited (2022: €2,565 million), in line with the Visa Europe Capital Management and Dividend Policy and Annual Dividend Plan. The directors do not recommend a final dividend.

### Directors

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Employees

It is Visa Europe's policy to ensure that no employee is disadvantaged or receives less favourable treatment and that all employees have the opportunity for growth and development, regardless of race, colour, nationality or ethnic origins, gender, gender reassignment, marital status, age, disability, pregnancy, religion or sexual orientation. Visa Europe is an equal opportunities employer. Equal opportunity is about good employment practices and treating our most valuable asset, our employees, fairly and equally. Visa Europe considers and, where appropriate, provides reasonable workplace adjustments to both current and prospective disabled employees.

Visa Europe is also committed to ensuring that all prospective applicants for employment are treated fairly and equitably throughout the recruitment process.

Visa Europe has established clear standards of communication with all of our employees, to provide them with information and to consult with our staff about important developments in the business and any future proposed changes to the organisation. Two-way dialogue throughout the year ensures adequate communication to generate an understanding of our purpose, strategy, values and business performance on an ongoing basis. Employees are also provided with an anonymous channel to communicate views and opinions about working for Visa Europe through periodic Employee Surveys. Visa's Code of Business Conduct and Ethics sets out Visa's commitment to the highest ethical standards and provides employees with a number of channels to raise any concerns and questions including a Confidential Compliance Hotline where they can remain anonymous if they chose to do so.

### Overseas branches

Visa Europe has an overseas branch in France, which is included in the reported figures. Additionally, on 15 August 2023, Visa Europe registered a branch office in Germany.

### Financial risk management

The details of the Company's financial instruments, policies and strategies are set out in Notes to the financial statements, Note 2, Significant accounting policies, and Note 23, Financial risk management, and the preceding Strategic Report.

**Political donations**

Visa Europe's policy is that it does not make contributions in cash or in kind to any political party.

In financial year 2023, Visa made commitments to attend events at the Labour and Conservative party conferences, resulting in a cost of £19,678 (2022: £21,100) for the Labour event, and £64,423 (2022: £55,138) for the Conservative event.

**Going concern**

The going concern basis is dependent on maintaining enough capital and funding of the balance sheet. The directors considered a number of factors including forecasts for the Company and its capital and liquidity position. The Company's business activities and objectives, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. In 2023, the Company reported a profit before tax for the year of €3,505 million (2022: €3,519 million) and continues to be in compliance with, and exceeds, its regulatory capital and liquidity requirements.

As part of those forecasts, the directors have modelled the impact of severe but plausible downside stresses (macroeconomic uncertainty including recessions, inflation, and the associated impact of rising interest rates, currency fluctuations, rising energy prices, supply chain issues and a slowdown of global trade, and reduced consumer, small business, government and corporate spending). Based on the forecasts and the stress performed, the directors are satisfied that the Company will have sufficient regulatory capital and liquidity for a period of at least 12 months from the date of approval of these financial statements.

The directors have considered the non-financial risks and uncertainties faced by the Company, as identified on pages 11 to 17 of the Strategic Report, as part of their going concern assessment. The Company has adequate mitigants in place to minimise these risks and uncertainties.

The directors also considered the impact of Retailer Litigation and other ongoing litigation in their assessment. (Refer to Notes to the financial statements, Note 25, Contingent liabilities, for further details.)

Although losses will be borne in the first instance by Visa Europe, Visa Inc., the Company's overall parent company, has agreed to recapitalise Visa Europe, via a share subscription agreement executed between Visa Europe and Visa International Holdings Limited, funded by Visa Inc., if financial resources fall below levels that are outside Visa Europe's risk appetite as a result of any litigation settlement. Visa Europe maintains a Financial Recovery Plan that details the steps that would be taken in the event of any significant shortfall in financial resources.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

**Post balance sheet events**

See Note 25, Contingent liabilities, for details on activity of pending litigation against the Company taking place subsequent to the balance sheet date and before the date of approval of the Directors' Report.

On 25 October 2023, the Company paid an interim cash dividend in the amount of €646 million to its immediate parent, Visa International Holdings Limited, in line with the Visa Europe Capital Management and Dividend Policy and Annual Dividend Plan. This was in addition to the interim dividends paid during financial year 2023.

On 28 November 2023, the Company received an interim cash dividend from Visa Europe Services LLC, a wholly owned subsidiary of the Company, in the amount of €349 million.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Reappointment of auditor**

The external auditor, KPMG LLP, was reappointed by the Board of Directors on 13 December 2023, and will therefore continue in office.

**Visa Europe Board members**

The following directors held office during and after the year ended 30 September 2023:

Members	Appointed/ Resigned	Board	Risk Committee	Audit Committee	Nominations Committee	Remuneration Committee
Alison Deborah Hewitt (Independent Non-Executive Director)	Appointed 7 Jun 2017	x (chair from 2 Jul 2018)	x	x	x (chair from 21 Jun 2019)	x (chair from 21 Jun 2019)
Charlotte Mary Hogg (Chief Executive Officer)	Appointed 2 Oct 2017	x				
William Morgan Sheedy (Non-Executive Director)	Re-appointed 2 Jul 2018	x		x	x	x
Philippe Tromp (Independent Non-Executive Director)	Appointed 14 Mar 2019	x	x (chair from 21 Jun 2019)	x	x	x
Hamayou Akbar Hussain (Independent Non-Executive Director)	Appointed 21 Jun 2019	x	x	x (chair from 21 Jun 2019)	x	x
Peter James Plumb (Independent Non-Executive Director)	Appointed 3 Dec 2019	x	x	x	x	x
Christopher James Clark (Non-Executive Director)	Appointed 3 Dec 2019	x	x		x	x
James Holton Hoffmeister (Chief Financial Officer)	Appointed 1 July 2022	x				
Kelly Mahon Tullier (Alternate Non-Executive Director)	Appointed 19 Aug 2020					

On behalf of the Visa Europe Board

DocuSigned by:

  
 CF5A9649D4544DB...  
 Charlotte Hogg  
 Chief Executive Officer

13 December 2023

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# Independent auditor's report to the members of Visa Europe Limited

## Opinion

We have audited the financial statements of Visa Europe Limited ("the Company") for the year ended 30 September 2023 which comprise the income statement, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered to be most likely to adversely affect the Company's available financial resources over this period were:

- ongoing macro-economic uncertainty and recessionary pressures resulting in a significant, prolonged reduction in processed transaction volumes and an increase in the company's cost base; and
- unfavourable outcomes in respect of the material litigation and claims against the Company.

We considered whether these risks could plausibly affect regulatory capital and liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We also considered less predictable risks such as the consequences of any prolonged unavailability of the authorisation system and clearing and settlement system and the related impact on the company's brand and reputation.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and management, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the parent Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, Risk Committee, Remuneration Committee and Nominations Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement team, and assisting with designing relevant audit procedures.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited complexity in the calculation and recognition of revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included, amongst others, journal entries with a description that includes certain key words, journal entries with a description that includes the names or job titles of certain members of the management team, and journals posted to seldom used income statement accounts.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate. We identified the following areas as those most likely to have such an effect: competition legislation and interchange fee regulations, regulatory capital and liquidity, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the matters discussed in note 25 we assessed disclosures against our understanding from inquiries with internal and external legal counsel, inspection of minutes of meetings and correspondence, and in certain instances obtaining legal confirmations from Visa Europe's external counsel.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic Report and Directors' Report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 30, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*James Anderson*

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**James Anderson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

13 December 2023

## Income Statement

For the year ended 30 September 2023

		2023	*Re-presented 2022
	Note	€'000	€'000
<b>Revenue</b>	4	<b>5,381,981</b>	5,251,679
<b>Administrative expenses</b>	5	<b>(2,020,494)</b>	(1,668,571)
<b>Other expenses</b>			
Re-measurement income/(expense)	7	<b>457</b>	(45,376)
<b>Other operating income</b>		<b>1,887</b>	1,938
<b>Operating profit</b>		<b>3,363,831</b>	3,539,670
<b>Net finance income/(expense)</b>		<b>141,634</b>	(20,845)
<b>Profit before tax</b>		<b>3,505,465</b>	3,518,825
<b>Income tax expense</b>	10	<b>(761,107)</b>	(662,687)
<b>Profit for the year</b>		<b>2,744,358</b>	2,856,138

\*Please refer to Note 5, Administrative expenses.

The notes on pages 41 to 85 form part of these financial statements.

## Statement of Other Comprehensive Income

For the year ended 30 September 2023

	2023	2022
	€'000	€'000
<b>Profit for the year</b>	<b>2,744,358</b>	<b>2,856,138</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to income statement</b>		
Remeasurement (losses)/gains on defined benefit pension schemes	(48,369)	13,364
Income tax charge relating to items that will not be reclassified	12,170	(2,684)
	<b>(36,199)</b>	<b>10,680</b>
<b>Items that may be reclassified subsequently to income statement</b>		
Cash flow hedges:		
Net gains arising on hedging derivatives	46,922	10,727
Effective hedge gains transferred from other comprehensive income to income statement	(16,836)	(13,446)
Income tax relating to items that may be reclassified	(7,589)	449
	<b>22,497</b>	<b>(2,270)</b>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(13,702)</b>	<b>8,410</b>
<b>Total comprehensive income for the year</b>	<b>2,730,656</b>	<b>2,864,548</b>

The notes on pages 41 to 85 form part of these financial statements.

# Statement of Financial Position

As at 30 September 2023

	Note	2023 €'000	2022 €'000
<b>Non-current assets</b>			
Property, plant and equipment	11	115,749	122,239
Goodwill and intangibles		54,046	54,428
Right-of-use assets	26	65,543	72,243
Retirement benefit asset	19	33,254	51,921
Deferred tax assets	14	14,225	6,222
Investment in subsidiaries	12	89	70
		<b>282,906</b>	<b>307,123</b>
<b>Current assets</b>			
Trade and other receivables	15	3,579,251	3,045,309
Cash and cash equivalents	16	5,739,133	5,767,463
Financial assets	13	11,193	5,813
		<b>9,329,577</b>	<b>8,818,585</b>
<b>Current liabilities</b>			
Trade and other payables	17	4,914,737	4,592,864
Current tax liabilities		2,530	1,616
Financial liabilities	18	4,737	32,153
		<b>4,922,004</b>	<b>4,626,633</b>
<b>Net current assets</b>		<b>4,407,573</b>	<b>4,191,952</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	19	11,347	5,558
Provisions	20	37,345	32,010
Other liabilities	21	122,140	110,705
		<b>170,832</b>	<b>148,273</b>
<b>Net assets</b>		<b>4,519,647</b>	<b>4,350,802</b>
<b>Equity</b>			
Share capital	22	32	32
Share premium	22	60,903	60,903
Contribution reserve	22	301,870	247,974
Merger reserve	22	6,128	6,128
Cash flow hedging reserve	22	23,617	1,120
Retained earnings	22	4,127,097	4,034,645
<b>Total equity</b>		<b>4,519,647</b>	<b>4,350,802</b>

The notes on pages 41 to 85 form part of these financial statements.

The financial statements were approved by the Visa Europe Board and authorised for signing on 13 December 2023. They were signed on its behalf by:

DocuSigned by:

*James Hoffmeister*

James Hoffmeister

Chief Financial Officer, Visa Europe

Company number: 5139966

13 December 2023

## Statement of Changes in Equity

For the year ended 30 September 2023

	Attributable to equity holders of the Company						
	Share capital €'000	Share premium €'000	Contribution reserve €'000	Merger reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	Total equity €'000
<b>Balance as at 30 September 2022</b>	<b>32</b>	<b>60,903</b>	<b>247,974</b>	<b>6,128</b>	<b>1,120</b>	<b>4,034,645</b>	<b>4,350,802</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	—	—	—	—	—	2,744,358	2,744,358
<b>Other comprehensive income:</b>							
<b>Items that will not be reclassified to income statement</b>							
Remeasurement losses on defined benefit pension schemes	—	—	—	—	—	(48,369)	(48,369)
Income tax charge relating to items that will not be reclassified	—	—	—	—	—	12,170	12,170
	—	—	—	—	—	(36,199)	(36,199)
<b>Items that may be reclassified subsequently to income statement</b>							
Cash flow hedges:							
Net gains arising on hedging derivatives	—	—	—	—	46,922	—	46,922
Effective hedge gains transferred from other comprehensive income to income statement	—	—	—	—	(16,836)	—	(16,836)
Income tax relating to items that may be reclassified	—	—	—	—	(7,589)	—	(7,589)
	—	—	—	—	22,497	—	22,497
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,497</b>	<b>(36,199)</b>	<b>(13,702)</b>
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,497</b>	<b>2,708,159</b>	<b>2,730,656</b>
<b>Transactions with owners, recorded directly in equity</b>							
Contributions by and distribution to owners:							
Dividend paid to parent	—	—	—	—	—	(2,618,000)	(2,618,000)
Equity settled share-based payment transactions	—	—	52,120	—	—	—	52,120
Income tax relating to transactions with owners, recorded directly in equity	—	—	1,776	—	—	—	1,776
Transfer of net assets from affiliated company	—	—	—	—	—	2,293	2,293
<b>Total contributions by and distributions to owners</b>	<b>—</b>	<b>—</b>	<b>53,896</b>	<b>—</b>	<b>—</b>	<b>(2,615,707)</b>	<b>(2,561,811)</b>
<b>Balance as at 30 September 2023</b>	<b>32</b>	<b>60,903</b>	<b>301,870</b>	<b>6,128</b>	<b>23,617</b>	<b>4,127,097</b>	<b>4,519,647</b>

The notes on pages 41 to 85 form part of these financial statements.

## Statement of Changes in Equity *continued*

For the year ended 30 September 2022

	Attributable to equity holders of the Company						
	Share capital €'000	Share premium €'000	Contribution reserve €'000	Merger reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	Total equity €'000
<b>Balance as at 30 September 2021</b>	32	60,903	208,319	—	3,390	3,732,827	4,005,471
<b>Total comprehensive income for the year</b>							
Profit for the year	—	—	—	—	—	2,856,138	2,856,138
<b>Other comprehensive income:</b>							
<b>Items that will not be reclassified to income statement</b>							
Remeasurement gains on defined benefit pension schemes	—	—	—	—	—	13,364	13,364
Income tax charge relating to items that will not be reclassified	—	—	—	—	—	(2,684)	(2,684)
	—	—	—	—	—	10,680	10,680
<b>Items that may be reclassified subsequently to income statement</b>							
Cash flow hedges:							
Net gains arising on hedging derivatives	—	—	—	—	10,727	—	10,727
Effective hedge gains transferred from other comprehensive income to income statement	—	—	—	—	(13,446)	—	(13,446)
Income tax relating to items that may be reclassified	—	—	—	—	449	—	449
	—	—	—	—	(2,270)	—	(2,270)
<b>Other comprehensive (loss)/income for the year, net of tax</b>	—	—	—	—	(2,270)	10,680	8,410
<b>Total comprehensive income for the year</b>	—	—	—	—	(2,270)	2,866,818	2,864,548
<b>Transactions with owners, recorded directly in equity</b>							
Contributions by and distribution to owners:							
Dividend paid to parent	—	—	—	—	—	(2,565,000)	(2,565,000)
Equity settled share-based payment transactions	—	—	42,634	—	—	—	42,634
Income tax relating to transactions with owners, recorded directly in equity	—	—	(2,979)	—	—	—	(2,979)
Distribution of net assets from subsidiary	—	—	—	6,128	—	—	6,128
<b>Total contributions by and distributions to owners</b>	—	—	39,655	6,128	—	(2,565,000)	(2,519,217)
<b>Balance as at 30 September 2022</b>	32	60,903	247,974	6,128	1,120	4,034,645	4,350,802

The notes on pages 41 to 85 form part of these financial statements.

## Statement of Cash Flows

For the year ended 30 September 2023

		2023	2022
	Note	€'000	€'000
<b>Profit before tax</b>		<b>3,505,465</b>	3,518,825
Adjustments for:			
Depreciation of property, plant and equipment	11	21,892	27,506
Amortisation of intangibles		382	309
Depreciation of right-of-use assets	5	12,486	11,546
Share-based payment expense	8	52,120	42,634
Finance income		(143,896)	—
Finance costs		2,262	20,845
Foreign exchange net loss/(gain)	5	12,173	(36,207)
Current and past service cost on retirement benefit schemes	19	(1,047)	1,778
(Gain)/loss on disposal of property, plant and equipment	5	(92)	216
Changes in other assets and liabilities		25,938	20,438
<b>Operating cash flows before movements in working capital</b>		<b>3,487,683</b>	3,607,890
Increase in receivables		(524,508)	(491,574)
Increase in payables		448,089	1,113,642
<b>Cash generated by operations</b>		<b>3,411,264</b>	4,229,958
Contributions to retirement benefit schemes	19	(18,654)	(18,094)
Income taxes paid		(880,670)	(703,944)
<b>Net cash from operating activities</b>		<b>2,511,940</b>	3,507,920
<b>Investing activities</b>			
Interest received		143,896	—
Purchase of property, plant and equipment	11	(15,801)	(30,088)
Proceeds from disposal of property, plant and equipment		440	—
<b>Net cash from/(used in) investing activities</b>		<b>128,535</b>	(30,088)
<b>Financing activities</b>			
Dividend paid to parent	22	(2,618,000)	(2,565,000)
Interest paid		(2,262)	(20,845)
Payment of lease liabilities - principal	26	(13,643)	(13,695)
Payment of lease liabilities - interest	26	(2,125)	(2,413)
<b>Net cash used in financing activities</b>		<b>(2,636,030)</b>	(2,601,953)
Net increase in cash and cash equivalents		4,445	875,879
Cash and cash equivalents at the beginning of the year		5,759,285	4,831,289
Foreign exchange (loss)/gain thereon		(27,293)	52,117
<b>Cash and cash equivalents at the end of the year, net of overdraft</b>	16	<b>5,736,437</b>	5,759,285

The notes on pages 41 to 85 form part of these financial statements.

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## Notes to the financial statements

As at 30 September 2023

### 1. General information

Visa Europe Limited (Visa Europe or the Company) is an entity incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 85.

Visa Europe is a payments technology company that enables fast, secure and reliable electronic payments across the Europe Region, which encompasses 38 countries including the UK, the 27 countries of the EU, Turkey, Israel, Switzerland, and Norway. The Company is responsible for representing the Visa brand name and facilitating commerce and money movement across the Europe region among consumers, merchants, financial institutions, and government entities through innovative technologies.

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### 2. Significant accounting policies

#### IFRS

##### Statement of compliance

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

##### Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are measured at fair value. These financial statements are presented in Euros, which is both the functional and presentational currency, rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that support carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

In accordance with Section 401 of the Companies Act 2006, the Company has availed its exemption from the requirements to prepare consolidated financial statements as the Company, and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc., the Company's overall parent company, for the years ended 30 September 2023 and 2022. Visa Inc.'s financial statements are prepared in accordance with accounting standards which are considered equivalent under the requirements of Section 401 of the Companies Act 2006. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website.

##### Going concern

The going concern basis is dependent on maintaining enough capital and funding of the balance sheet. The directors considered a number of factors including forecasts for the Company and its capital and liquidity position. The Company's business activities and objectives, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. In 2023, the Company reported a profit before tax for the year of €3,505 million (2022: €3,519 million) and continues to be in compliance with, and exceeds, its regulatory capital and liquidity requirements.

As part of those forecasts, the directors have modelled the impact of severe but plausible downside stresses (macroeconomic uncertainty including recessions, inflation, and the associated impact of rising interest rates, currency fluctuations, rising energy prices, supply chain issues and a slowdown of global trade, and reduced consumer, small business, government and corporate spending). Based on the forecasts and the stress performed, the directors are satisfied that the Company will have sufficient regulatory capital and liquidity for a period of at least 12 months from the date of approval of these financial statements.

The directors have considered the non-financial risks and uncertainties faced by the Company, as identified on pages 11 to 17 of the Strategic Report, as part of their going concern assessment. The Company has adequate mitigants in place to minimise these risks and uncertainties.

## 2. Significant accounting policies *continued*

The directors also considered the impact of Retailer Litigation and other ongoing litigation in their assessment. (Refer to Note 25, Contingent liabilities for further details.)

Although losses will be borne in the first instance by Visa Europe, Visa Inc., the Company's overall parent company, has agreed to recapitalise Visa Europe, via a share subscription agreement executed between Visa Europe and Visa International Holdings Limited, funded by Visa Inc., if financial resources fall below levels that are outside Visa Europe's risk appetite as a result of any litigation settlement. Visa Europe maintains a Financial Recovery Plan that details the steps that would be taken in the event of any significant shortfall in financial resources.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

### Adoption of new or revised standards

Amendments were made to the following accounting standards in the current financial year and the adoption of these standards has had no material impact on these financial statements:

Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract  
 Annual Improvements to IFRS Standards 2018-2020  
 Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use  
 Amendments to IFRS 3: Reference to the Conceptual Framework

The following revisions to accounting standards and pronouncements which are applicable to the Company were issued as at 30 September 2023, but are effective for accounting periods beginning on or after 1 October 2023. Where the standards listed below have been endorsed and early adoption is permitted, the Company has elected not to apply them in the preparation of these financial statements.

Pronouncement	Nature of change	Latest effective date for the Company
IFRS 17: Insurance Contracts and Amendments to IFRS 17	The IASB aims for greater comparability and transparency for investors and analysts. With these amendments, the IASB is responding to the concerns and implementation challenges raised by insurers and other stakeholders, having monitored and supported IFRS 17 implementation since its publication in 2017.	1 October 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	The IASB has recently issued amendments to IAS 1, Presentation of Financial Statements, and an update to IFRS Practice Statement 2, Making Materiality Judgements, to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include: requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.	1 October 2023
Amendments to IAS 8: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.	1 October 2023

2. Significant accounting policies *continued*

Pronouncement	Nature of change	Latest effective date for the Company
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendments to IAS 12, Income Taxes, clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.	1 October 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	To promote consistency in application and clarify the requirements on determining if a liability is current or non-current, the IASB has amended IAS 1.	1 October 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	Amendments to IFRS 16, Leases, impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.	1 October 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	The IASB has issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, to introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.	1 October 2024
Amendments to IAS 12: International Tax Reform - Pillar Two Model Rules	The IASB has amended IAS 12 to provide a temporary mandatory relief from deferred tax accounting for top-up tax; and require companies to provide new disclosures to compensate for the potential loss of information resulting from the relief. The amendments introduce a relief from deferred tax accounting for the global minimum top-up tax under Pillar Two, which applies immediately from their release on 23 May 2023, and new disclosure requirements about the Pillar Two exposure that apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.	1 October 2024
Amendments to IAS 21: Lack of exchangeability	The IASB amended IAS 21 to clarify: when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability.	1 October 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments respond to a conflict in existing guidance, and the resulting diversity in practice. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 -Business Combinations.	Effective date deferred indefinitely

The Company's initial date of adoption or expected date of adoption of each of the above amendments to accounting standards and pronouncements applicable to the Company effective for accounting periods beginning after 30 September 2023 is the latest effective date for the Company as specified in the above table. The above amendments are not expected to have a material impact on the Company.

## 2. Significant accounting policies *continued*

### Foreign currency translation

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Any resulting exchange differences are included in administrative expenses in the income statement. Non-monetary items measured at fair value on recognition and subsequently revalued are translated at the rates prevailing at the date when the initial fair value was determined. Non-monetary items measured in terms of historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts. The nature of the Company's currency risks is explained in Note 23 (see below for details of the Company's accounting policies in respect of such derivative financial instruments).

### Revenue recognition

The Company's net revenues are comprised principally of the following categories: scheme (service) revenues, data processing revenues and international transaction 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 recognises revenue, net of VAT and other sales-related 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 recognised 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.

Scheme (service) revenues consist mainly of revenues earned for services provided in support of client usage of Visa payment services. Current quarter scheme (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 recognised in the same period the related volume is transacted.

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

International transaction and other revenues are primarily 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 recognised in the same period the cross-border transactions occur or services are performed.

### Client incentive agreements (Incentives or CIAs)

The Company enters into long-term contracts 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 Visa's network and driving innovation.

Incentives are classified as reductions to revenues, 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 capitalises upfront and fixed incentive payments under these agreements and amortises 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. If there is a history of renewal with a client, accruals are recorded during any gap period, based on an estimated accrual under the expired contract. Any amount in excess of what was accrued under the new contract, would be deferred and amortised over the new contract term.

### Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *The Company as lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. 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.

## 2. Significant accounting policies *continued*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, a rate based upon the Visa Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed and determinable payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as a separate line item in the statement of financial position. The current portion of lease liabilities are included in trade and other payables and the non-current portion is included in other liabilities in the statement of financial position.

Depreciation of right-of-use assets is charged to the income statement and included in administrative expenses. Interest expense on lease liabilities is charged to the income statement and included in net finance income/(expense).

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### *The Company as lessor*

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other operating income in the income statement.

## 2. Significant accounting policies *continued*

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax in the income statement except as relates to other comprehensive income. Tax related to other comprehensive income is included in the statement of other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit for the year as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities and when they relate to income taxes levied by the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company recognises provisions for uncertain tax positions when the Company has a present obligation as a result of a past event and the Company considers that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue-by-issue basis within the jurisdictions that the Company operates using either the Company's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. The accrual of interest and penalties related to uncertain tax positions is recognised as an expense and included in administrative expenses in the income statement.

Visa's UK tax strategy, which is available from the Company's website, can be found here:

<https://www.visa.co.uk/about-visa/visa-in-europe.html>

### Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Computer equipment and software includes integrated computer hardware, purchased software and IT system infrastructures that consist of integrated hardware and software.

Land is not depreciated. Depreciation on all other assets is charged to the income statement using the straight-line method so as to write off the cost of the asset to the estimated residual value over the estimated useful life on the following bases:

Buildings	40 years
Leasehold improvements	40 years (or lease term if shorter)
Fixtures and equipment	3 to 10 years
Computer equipment and software	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

### Goodwill and intangible assets

Goodwill arising from a business combination represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses to the income statement.

Operating rights, an intangible asset, is assessed to have an indefinite useful life, based on an analysis of all of the relevant factors, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company.

## 2. Significant accounting policies *continued*

Intangible assets also include customer relationships, brand and internally generated software (IGS), which is software designed, developed and commercialised by the Company to generate economic profit. Development expenditure for IGS is capitalised as an intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred.

Expenditure related to research-associated activities is recognised as an expense in the period in which it is incurred. IGS is initially capitalised and held in property, plant and equipment and is transferred to intangible assets when the software is brought into use.

Intangible assets are recorded at cost less accumulated amortisation and any impairment losses. Amortisation for customer relationship, brand and internally generated software are charged to the income statement using the straight-line method so as to write off the cost of the assets over their estimated useful lives on the following bases:

Customer relationships	15 years
Brand	15 years
IGS	3 to 10 years

### Impairment of tangible and intangible assets

At each reporting date, or more frequently when an indication of impairment has been identified, the Company reviews the carrying amounts of its tangible assets, intangible assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately. If the recoverable amount of goodwill is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the cash-generating unit on a pro-rata basis.

Where an impairment loss, other than goodwill, subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. Impairment losses on goodwill are not subsequently reversed.

### Financial instruments

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through OCI (FVOCI) — debt investment; FVOCI — equity investment; or Fair Value through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

## 2. Significant accounting policies *continued*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

### Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and/or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate terms;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

### Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 2. Significant accounting policies *continued*

### **Fair value measurement**

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.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. In addition, in determining whether a market is active the Company takes into consideration transaction volumes for the instrument in the given market and whether transaction frequency and volumes drive the provision of pricing information on an ongoing basis. If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

In the instance that fair values of assets and liabilities cannot be reliably measured, they are carried at cost.

### **Amortised cost measurement**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, less any reduction for impairment.

### **Financial instruments derecognition**

The Company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability.

The difference between the carrying amount of the asset (or that allocated to the portion of the asset derecognised) and the sum of i) the consideration received and ii) any cumulative gain or loss recognised in other comprehensive income, is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

### **Impairment of financial assets**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### **Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

## 2. Significant accounting policies *continued*

### **Trade receivables and other receivables**

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement. (Refer to Impairment of financial assets above.)

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, short-term bank deposits with an original maturity of three months or less, money market funds and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and overdrafts are held separately on the statement of financial position as assets and liabilities, but are combined for the purpose of the statement of cash flows. Cash and overdrafts are carried at amortised cost in the statement of financial position.

### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### **Derivative financial instruments and cash flow hedge accounting**

#### *Derivative financial instruments and hedge accounting*

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### *Cash flow hedges*

When a derivative is designated as a cash hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in the cash flow hedging reserve within equity.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

### **Netting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right at all times to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2. Significant accounting policies *continued*

### **Off-Balance Sheet Accounting**

An asset is defined as "a present economic resource controlled by the entity as a result of past events", with an economic resource being defined as "a right that has the potential to produce economic benefits". Assets are treated as off-balance sheet if not owned or controlled by the Company, or specific restrictions exist regarding use of the asset, the asset cannot be commingled with other assets, rewards or benefits associated with the asset are not transferred to the Company, or the asset is safeguarded and not available to general creditors or for other uses.

The Company is involved in various off-balance sheet arrangements, including client collateral arrangements, in the normal course of business to meet the financing needs of its customers and to reduce its exposure to various risks. Refer to Note 24, Financial instruments.

The Company regularly reviews and discloses its off-balance sheet arrangements. The Company believes that its off-balance sheet arrangements do not represent a material risk to its financial condition, results of operations, or liquidity.

### **Retirement benefit schemes**

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as employee benefits in the income statement. The Company currently operates defined contribution pension schemes and the schemes are open to new entrants.

For defined benefit plans, which are open to future accrual but closed to new entrants, the Company's net obligation is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee benefits in the income statement.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Share-based payments**

The overall parent company of Visa Europe issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The equity-settled share-based payments are not charged back to the Company and the benefit received is therefore considered a capital contribution recognised in equity. The fair value of awards of non-vested shares is equal to the closing price of the Visa Inc. shares on the date of grant, adjusted for the present value of future dividend entitlements where appropriate.

### **Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount of the loss can be estimated reliably. "Probable" is defined as more likely than not. The amount recorded as a provision is the Company's best estimate of the expenditure required to settle the obligation. If the best estimate of the expenditure is a range, and if one amount in that range represents a better estimate than any other amount within the range, that amount is recorded. If no amount in the range is a better estimate than any other amount, the Company recognises the midpoint of the range for recording the liability. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The discount rate adopted for present value purposes in calculating provisions is pre-tax, reflective of current market assessments of the time value of money and the risks specific to the liability, and not reflective of risks for which future cash flow estimates have been adjusted. Discounts are unwound through the income statement from the date the provision is made up to the date that the expenditure covered by the provision is incurred.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or present obligations arising from past events, but the probability that it will be required to settle that obligation is more than remote, but not probable. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote. See Note 25 - Contingent liabilities.

## 2. Significant accounting policies *continued*

### Subsequent events

An event after the reporting date is an event, favourable or unfavourable, that occurs between the end of the reporting period and the date that the financials are authorised for issue. Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material). The Company will adjust its current year financial statements for adjusting events, but not for non-adjusting events, these will instead be disclosed in the financial statements where material. An adjusting event includes the settlement, after the reporting period, of a legal claim filed against the Company that confirms that the Company had a present obligation at the end of the reporting period and there was a probable outflow of economic resource. In such an instance, the Company will recognise a liability or adjust any previously recognised provision.

## 3. Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The Company has assessed critical accounting judgements and key sources of estimation uncertainty, and concluded Retirement benefits are no longer a critical accounting estimate for financial year 2023. In the prior year, the Company considered the valuation of the Retirement benefits as a critical accounting estimate due to the estimation uncertainty and judgement involved in the determination of the assumptions used to derive the valuation. In the current year, the valuation of the Retirement benefits is no longer materially sensitive to movement in actuarial assumptions used by the Company's third party actuaries. In addition, the Company determined that any changes in key financial assumptions due to market volatility results in an immaterial net impact.

### Provisions and contingent liabilities (Judgement and Estimate)

The Company exercises its judgement in considering whether a liability may arise and where estimation is possible, makes an estimate of that liability. Judgement is necessary in assessing the likelihood that a claim or allegation will succeed or that a negotiated settlement may be reached. Judgement is further required in recognising and estimating the quantum of provisions and contingent liabilities (see Note 25) related to legal and regulatory proceedings. These judgements are subjective, based on the status of such legal or regulatory proceedings, the merits of the Company's defences and consultation with corporate and external legal counsel. Due to the inherent uncertainty in these evaluation processes, assessments or estimates may prove to be incorrect and actual outflows of resources may be different from the original assessment.

## 4. Revenue

An analysis of the Company's revenue is as follows:

	2023 €'000	2022 €'000
Gross revenue	7,144,402	6,746,001
Client incentives	(1,762,421)	(1,494,322)
Net revenue	5,381,981	5,251,679

Gross revenue is net of rebates received by clients, driving reduced prices, of €292 million (2022: €103 million).

Separation of gross revenue by the Company's three business units, Scheme (service), Data processing and International and other fees, is as follows:

	2023 €'000			Total
	Scheme (service)	Data processing	International and other fees	
Gross revenue	1,007,009	2,568,339	3,569,054	7,144,402

	2022 €'000			Total
	Scheme (service)	Data processing	International and other fees	
Gross revenue	868,048	2,432,973	3,444,980	6,746,001

Included in International and other fees is revenue in the amount of €3,167 million, which is collected by other Visa Group entities on the Company's behalf (2022: €3,081 million).

4. Revenue *continued*

The following table provides information about contract assets and contract liabilities from client incentive contracts with customers:

	2023 €'000	2022 €'000
Contract assets	708,414	641,145
Contract liabilities	(1,450,638)	(1,165,806)

The contract assets primarily relate to advance payments made on the Company's client incentive agreements with financial institution clients, merchants and various strategic partners. Contract assets also include the deferral of accruals relating to the difference that arises when the start date of a new or modification agreement is earlier than the execution date, and the incentives provided are applicable from the start date rather than the execution date. The contract assets were impacted by new agreements signed with clients and the amortization of existing assets over the period of the respective contract terms. There were no significant impairments to contract assets during the period.

The contract liabilities primarily relate to unpaid incentives on agreements with clients and partners, as at the reporting date. The contract liabilities were impacted by payments made against accruals from the previous period and the accounting for obligations arising from new contracts signed with customers.

Contract assets are presented in the statement of financial position within trade and other receivables and contract liabilities are presented in the statement of financial position within trade and other payables and other liabilities. (Refer to Note 15, Trade and other receivables, Note 17, Trade and other payables, and Note 21, Other non-current liabilities.)

## 5. Administrative expenses

Administrative expenses include:

	2023 €'000	*Re-presented 2022 €'000
Employee benefit costs (see Note 8)	490,184	433,808
Marketing	162,039	195,437
Professional fees	101,276	85,729
Network and processing	42,731	47,842
Depreciation and amortisation	34,760	39,361
Foreign exchange net loss/(gain)	12,173	(36,207)
Litigation settlement costs	145,175	24,978
Auditor's remuneration (see Note 6)	3,309	3,308
(Gain)/loss on disposal of property, plant and equipment	(92)	216
Intercompany charges paid to Visa Inc (see Note 27)	627,273	510,663
Intercompany management fee paid to subsidiaries (see Note 27)	271,389	225,322
Other administrative expenses	130,277	138,114
<b>Total Administrative expenses</b>	<b>2,020,494</b>	<b>1,668,571</b>

\*The above presentation of 2022 administrative expenses has been re-presented to be consistent with the current year presentation, which simplifies the face of the Company's income statement and expands the breakdown of administrative expenses within the above disclosure. The prior year presentation of administrative expenses on the face of the Company's income statement included four separate line items, employee benefits (€434 million) litigation settlement costs (€25 million), depreciation and amortisation (€39 million), and other administrative expense (€1,170 million), totalling €1,669 million for financial year 2022, while the accompanying income statement of the Company presents administrative expenses as one line item for financial years 2023 and 2022, in the amount of €2,020 million and €1,669 million, respectively.

In addition, in the previous year's annual accounts of the Company, Note 5 of the Notes to the financial statements, expanded on the breakdown of other administrative expense from the face of the income statement, in the amount of €1,170 million, and included foreign exchange net gain, auditor's remuneration, loss on disposal of property, plant and equipment, and other remaining costs. In the current year, and as shown above, this note expands on the breakdown of total administrative expenses from the face of the accompanying income statement, and includes other administrative expenses. The current year presentation also expands further the prior year's other remaining costs of €1,203 million, into marketing, professional fees, network and processing, intercompany charges paid to Visa Inc., intercompany management fee paid to subsidiaries, and other administrative expenses.

There has been no impact on 2022 total administrative expenses as a result of these changes in presentation.

5. Administrative expenses *continued*

Depreciation and amortisation in the above table includes:

	2023	2022
	€'000	€'000
Depreciation of property, plant and equipment (see Note 11)	21,892	27,506
Amortisation of intangibles	382	309
Depreciation of right-of-use assets (see Note 26)	12,486	11,546
<b>Total Depreciation and amortisation</b>	<b>34,760</b>	<b>39,361</b>

In financial year 2023, the Company recorded Litigation settlement costs of €145 million in total with individual merchants related to multilateral interchange fees and other claims (2022: €25 million). See Note 25 - Contingent Liabilities, for further details.

Other administrative expenses consist mainly of facilities costs, indirect taxes, travel and meeting costs and other corporate expenses incurred in support of our business.

## 6. Auditor's remuneration

The remuneration of the auditor, KPMG LLP, is set out below:

	2023	2022
	€'000	€'000
Fees payable to the Company's auditor for the audit of the annual accounts	2,518	2,522
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	162	146
Audit related assurance services	395	395
Other assurance services	234	245
	<b>3,309</b>	<b>3,308</b>

Audit related assurance services both in the current and prior year, related primarily to regulatory assurance associated with Interchange Fee Regulation (IFR) reporting and other regulatory reporting.

## 7. Re-measurement income/(expense)

	2023	2022
	€'000	€'000
Net realised gain on derivatives in a designated hedge accounting relationship	16,836	13,446
Net loss on derivatives not in a designated hedge accounting relationship	(16,379)	(58,822)
	<b>457</b>	<b>(45,376)</b>

In 2023 there was not any ineffectiveness arising from cash flow hedges included in re-measurement income/(expense) (2022: €Nil).

Net gain on derivatives was recorded in financial year 2023 versus net loss in financial year 2022 due to volatility in the foreign exchange rates during the year and appreciation of the Euro against US Dollar.

## 8. Employee benefit costs and employee numbers

Employee benefit costs were as follows:

	2023	2022
	€'000	€'000
Wages, salaries, and performance related pay	334,516	295,447
Social security costs	63,092	53,365
Other retirement benefit obligation costs	23,136	26,477
Share-based payment	52,120	42,634
Severance costs	4,880	6,161
Other	12,440	9,724
	<b>490,184</b>	<b>433,808</b>

The average monthly number of employees (including executive directors) was:

	2023	2022
Technology and Business operations	1,560	1,367
Sales and marketing	272	263
Management and administrative	493	478
	<b>2,325</b>	<b>2,108</b>

### Share-based payment arrangements

#### Description of Share-based payment arrangements

Equity based remuneration has been issued to select employees since November 2017. The majority of awards are made as part of the annual compensation cycle in the form of Restricted Stock Units (RSUs) with some executives eligible to receive stock options. Awards are made by the overall parent company, Visa Inc.

Shares generally vest rateably over three years from the date of grant, subject to earlier vesting in full under certain conditions. Recipients must be employed through each respective grant date, except in the case of termination of employment due to death or disability, in which case restrictions would cease immediately.

	Restricted Stock Units	Weighted-Average Grant Date Fair Value <sup>1</sup>	Weighted Average Remaining Contractual Term (in years)	Fair Value at Grant <sup>1</sup>
Outstanding at 30 September 2022	451,238	\$202.48		
Granted	264,237	\$212.39		\$212.39
Exercised	(194,399)	\$199.17		
Transfers out	(14,858)	\$208.78		
Forfeited <sup>2</sup>	(24,131)	\$205.93		
<b>Outstanding at 30 September 2023<sup>3</sup></b>	<b>482,087</b>	<b>\$208.76</b>	<b>1.40</b>	

<sup>1</sup> Visa Inc. shares are quoted in USD.

<sup>2</sup> No shares expired during the period.

<sup>3</sup> None of the shares outstanding as at 30 September 2023 are exercisable.

#### Measurement of Share-based payment arrangements

RSUs have been treated as equity-settled share-based payment transactions and have been valued at Visa Inc.'s closing stock price on the date of grant, or in cases where the date of grant is not a trading day, the last trading day prior.

Each RSU entitles the participant to dividend equivalents with respect to regular cash dividends during the period from the grant date to the date such shares are delivered to employees. Dividend equivalents have been settled in cash.

#### Details of increase in equity arising from Share-based payments

RSUs have been granted by the overall parent company, Visa Inc., which are not charged back to the Company. The benefit received by the Company is therefore considered a capital contribution recognised in equity.

The expense recognised for the period totals:

Equity settled transactions	2023	2022
	€'000	€'000
Total Share-based payment expense recognised during the period	<b>52,120</b>	<b>42,634</b>

## 9. Remuneration of directors

The remuneration of the directors for the year was as follows:

	2023 €'000	2022 €'000
Directors fees and expenses	745	681
Base remuneration	1,210	1,109
Performance related bonuses	1,681	1,830
Share-based payment	4,677	2,781
Retirement benefits	90	92
Other benefits	401	208
	<b>8,804</b>	<b>6,701</b>

The emoluments and amounts receivable under long-term incentive schemes of the highest paid director were as follows:

	2023 €'000	2022 €'000
Base remuneration	692	645
Performance related bonuses	1,183	1,238
Share-based payment	4,005	2,128
Retirement benefits	62	58
Other benefits	29	31
	<b>5,971</b>	<b>4,100</b>

None of the directors are members of a defined benefit scheme (2022: nil).

Share-based awards granted in the year are delivered in a mix of equity instruments with both performance and time-bound restrictions over the next three years (see Note 8). The final amount delivered to the employee for the performance-based shares are dependent on the achievement of both performance and market conditions of the three-year period and can range from zero to 200% of the grant value. During the year, four of the directors received share options and received shares under a long-term incentive scheme (2022: five directors).

The remuneration of three directors, which is included in the remuneration of the directors above, was incurred and paid by other Visa Inc. group companies in both 2023 and 2022, and was not charged back to the Company.

## 10. Income tax expense

The income tax expense represents the sum of both current and deferred taxes.

	2023 €'000	2022 €'000
Current tax:		
UK corporation tax:		
Current tax on profit for the year	763,843	669,193
Adjustment in respect of prior years	(11,510)	(15,208)
	<b>752,333</b>	<b>653,985</b>
Foreign tax:		
Current tax on profit for the year	11,108	9,095
<b>Total current income tax expense</b>	<b>763,441</b>	<b>663,080</b>
Deferred tax (Note 14):		
Origination and reversal of temporary differences	(4,207)	(596)
Adjustment in respect of prior years	2,575	(867)
Rate change	(702)	1,070
	<b>(2,334)</b>	<b>(393)</b>
<b>Total income tax expense</b>	<b>761,107</b>	<b>662,687</b>

10. Income tax expense *continued*

## Reconciliation of income tax expense

The income tax expense for the year is lower than the applicable UK tax rate of 22.0% (2022: lower than the applicable UK tax rate of 19.0%). The table below reconciles the tax charge at the UK applicable tax rate to the actual tax charge for the year.

	2023 €'000	2022 €'000
Profit before tax	3,505,465	3,518,825
Taxation at the applicable UK tax rate of 22.0% (2022: 19.0%)	771,490	668,577
Effects of:		
Non-deductible expenses	2,527	969
Other permanent differences	(5,066)	4,700
Higher country rates	1,793	3,446
Rate change for deferred tax	(702)	1,070
Prior year adjustments	(8,935)	(16,075)
<b>Total income tax expense (see above)</b>	<b>761,107</b>	<b>662,687</b>

The applicable tax rate of 22.0% for 2023 is the average of the standard UK rate of 19% until 31 March 2023 and 25% from 1 April 2023.

Finance Act 2021, enacted on 10 June 2021, increased the main rate of UK corporation tax to 25% from 1 April 2023.

Deferred tax assets and liabilities are required to be valued using the tax rate which will be in force at the time when the temporary difference is expected to unwind. In line with the requirements of IAS 12, the impact of the change in rate to 25% has been reflected in the deferred tax balances at 30 September 2022 and 2023.

Future tax charges, and therefore the Company's effective tax rate, may be affected by factors such as acquisitions, disposals, restructuring, tax regime reform and resolutions of open matters as we continue to manage our tax affairs.

## 11. Property, plant and equipment

	Land, buildings and leasehold improvements €'000	Assets in course of construction €'000	Fixtures and equipment €'000	Computer equipment and software €'000	Total €'000
<b>Cost</b>					
At 30 September 2021	83,642	5,386	9,299	51,130	149,457
Additions	—	30,088	—	—	30,088
Transfers between items	6,966	(31,393)	2,086	22,341	—
Transfer adjustment from subsidiary companies	(318)	—	(247)	(542)	(1,107)
Disposals	(821)	—	—	(1,692)	(2,513)
At 30 September 2022	89,469	4,081	11,138	71,237	175,925
Additions	—	15,801	—	—	15,801
Transfers between items	4,535	(16,659)	804	11,320	—
Transfer adjustment from affiliated companies	(134)	—	(68)	(3)	(205)
Disposals	(16)	—	—	(463)	(479)
<b>At 30 September 2023</b>	<b>93,854</b>	<b>3,223</b>	<b>11,874</b>	<b>82,091</b>	<b>191,042</b>
<b>Accumulated depreciation</b>					
At 30 September 2021	(16,712)	—	453	(12,677)	(28,936)
Charge for the year	(7,630)	—	(3,155)	(16,721)	(27,506)
Transfer adjustment from subsidiary companies	70	—	95	295	460
Disposals	739	—	—	1,557	2,296
At 30 September 2022	(23,533)	—	(2,607)	(27,546)	(53,686)
Charge for the year	(7,021)	—	(2,762)	(12,109)	(21,892)
Transfer adjustment from affiliated companies	134	—	18	2	154
Disposals	16	—	—	115	131
<b>At 30 September 2023</b>	<b>(30,404)</b>	<b>—</b>	<b>(5,351)</b>	<b>(39,538)</b>	<b>(75,293)</b>
<b>Carrying amount</b>					
At 30 September 2022	65,936	4,081	8,531	43,691	122,239
<b>At 30 September 2023</b>	<b>63,450</b>	<b>3,223</b>	<b>6,523</b>	<b>42,553</b>	<b>115,749</b>

There are no restrictions on title and property, plant and equipment have not been pledged as security for liabilities.

We have assessed whether there is any indication of impairment with regards to the carrying amount of the Company's tangible assets. No such indication of impairment was identified.

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2023 €'000	2022 €'000
Contracted purchase of software and computer equipment	1,780	4,973
Contracted expenditure on buildings, fixtures and equipment	4,287	3,083
	<b>6,067</b>	<b>8,056</b>

## 12. Investment in subsidiaries

	2023	2022
	€'000	€'000
Cost and carrying value		
At 30 September	89	70

Details of the Company's subsidiaries, which are all direct investments, at 30 September 2023 are as follows:

Name	Place of incorporation ownership (or registration)	Place of operation	Proportion of ownership interest	Proportion of voting power held	Method used to account for investment
Visa Europe Services LLC (VES) (1)	USA	UK	100%	100%	Cost
Visa Europe Management Services Limited (VEMS) (1)	UK	UK	100%	100%	Cost
Visa Europe (Malta) Limited (2)	Malta	Malta	100%	100%	Cost
Visa Europe (Cyprus) Limited (3)	Cyprus	Cyprus	100%	100%	Cost
Visa Europe Management Services (Ireland) Private Limited (4)	Ireland	Ireland	100%	100%	Cost
Visa Europe Pension Trustee Limited (1)	UK	UK	100%	100%	Cost
Visa Europe (Netherlands) B.V. (5)	Netherlands	Netherlands	100%	100%	Cost
Visa Europe (Slovakia) s.r.o. (6)	Slovakia	Slovakia	85%	85%	Cost
Visa Europe (Latvia) S.I.A. (7)	Latvia	Latvia	100%	100%	Cost
Visa Europe Greece Limited Liability Company (8)	Greece	Greece	99%	99%	Cost
Visa Europe (Austria) GMBH (9)	Austria	Austria	100%	100%	Cost
Visa Europe (Portugal) Unipessoal LDA (10)	Portugal	Portugal	100%	100%	Cost
Fraedom UK Limited (1)	UK	UK	100%	100%	Cost
Visa Europe (Romania) SRL (11)	Romania	Romania	100%	100%	Cost
Visa Europe Bulgaria EOOD (12)	Bulgaria	Bulgaria	100%	100%	Cost
Visa Europe (Belgium) SRL (13)	Belgium	Belgium	100%	100%	Cost
Visa Europe (Hungary) Kft (14)	Hungary	Hungary	100%	100%	Cost

(1) The registered address of these subsidiaries is 1 Sheldon Square, London, United Kingdom, W2 6TT.

(2) The registered address of Visa Europe (Malta) Ltd is Regus, 2nd Floor, Tower Business Centre, Tower Street, Swatar, Malta, BKR 4013.

(3) The registered address of Visa Europe (Cyprus) Ltd is Karaiskaki, 13, 3032, Limassol, Cyprus.

(4) The registered address of Visa Europe Management Services (Ireland) Private Limited is 112-114 St Stephen's Green, Dublin 2, D02 Td28.

(5) The registered address of Visa International (Holland) B.V. is Herikerbergweg 292-342 Diana Building Office 0.02 1101 CT

(6) The registered address of Visa Europe (Slovakia) s.r.o is Michalská 9, Bratislava - Staré Mesto, 811 01

(7) The registered address of Visa Europe (Latvia) S.I.A is Riga, Terbatas Street 14 – 3

(8) The registered address of Visa Europe Greece Limited Liability Company is 13 Posidonos Avenue, GR-17455 Alimos, Athens, Greece

(9) The registered address of Visa Europe (Austria) GMBH is Fleischmarkt 1, 1010 Vienna, Austria

(10) The registered address of Visa Europe (Portugal) Unipessoal LDA is Avenida da Liberdade 180E 2.º Dto Distrito: Lisboa Concelho: Lisboa Freguesia: Santo António 1250 146 Lisboa

(11) The registered address of Visa Europe (Romania) is 6 Maria Rosetti Street, Maria Rosetti Tower 3rd Floor, Bucharest, 020485, Romania

(12) The registered address of Visa Europe (Bulgaria EOOD) is Landmark Building, 14 Tsar Osvoboditel Blvd. 5th Floor, Sofia, 1000, Bulgaria

(13) The registered address of Visa Europe (Belgium SRL) is 1000 Bruxelles, Rue de Spa 8

(14) The registered address of Visa Europe (Hungary Kft) is Alle Corner, Október 23. utca 8-10, Budapest, 1117, Hungary

During financial year 2023, Visa Europe (Romania) SRL, Visa Europe Bulgaria EOOD, Visa Europe (Belgium) SRL and Visa Europe (Hungary) Kft were formed, which are 100% held by the Company.

During financial year 2022, Visa Europe (Austria) GMBH and Visa Europe (Portugal) Unipessoal LDA were formed, which are 100% held by the Company.

During financial year 2022, Visa Inc. undertook a global legal entity restructuring of the Fraedom group of companies, which it acquired in 2018. As part of this restructuring, on 30 June 2022, Visa International Holdings Limited, the Company's immediate parent company, contributed its €1 share of Fraedom UK Limited to the Company in exchange for an additional share in the Company. In September 2023, Fraedom UK Limited was dissolved. (Refer to Note 22, Share capital, share premium, capital contributions and reserves.)

### 13. Financial assets

	2023	2022
	€'000	€'000
Currency derivatives (see Note 24)	11,193	5,813
Total financial assets	11,193	5,813

The total gross notional amount in respect of all derivative contracts as at 30 September 2023 was €368 million (2022: €1,026 million).

### 14. Deferred tax

The table below summarises the deferred tax assets and liabilities recognised by the Company and movements thereon during the current reporting period.

	Accelerated tax depreciation €'000	Retirement benefit obligations €'000	Other temporary differences €'000	Total €'000
<b>Deferred tax assets/(liabilities) at 1 October 2022</b>	<b>27,395</b>	<b>(12,686)</b>	<b>(8,487)</b>	<b>6,222</b>
Inbound transfer of new scheme from CEMEA	—	(733)	—	(733)
(Charge)/credit to income statement (Note 10)	(5,493)	(4,692)	14,392	4,207
Credit/(charge) to other comprehensive income	—	12,170	(7,589)	4,581
Credit to reserves	—	—	1,776	1,776
Prior year adjustment to income statement (Note 10)	(2,698)	—	123	(2,575)
Rate change to income statement (Note 10)	663	(638)	677	702
Foreign exchange impact	—	45	—	45
<b>Deferred tax assets/(liabilities) at 30 September 2023</b>	<b>19,867</b>	<b>(6,534)</b>	<b>892</b>	<b>14,225</b>

The deferred tax assets and liabilities recognised in the balance sheet relate to accelerated tax depreciation, retirement benefit obligations and other temporary differences. Other temporary differences relate to stock based compensation, derivative instruments and the net impact of the implementation of IFRS 15, *Revenue from Contracts with Customers*.

Certain deferred tax assets and liabilities have been offset and the netting criteria has been met. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

	2023	2022
	€'000	€'000
Deferred tax assets	38,358	38,302
Deferred tax liabilities	(24,133)	(32,080)
	14,225	6,222

Deferred tax liabilities relate to retirement benefit surplus, the net impact of the implementation of IFRS 15 and derivative instruments.

### 15. Trade and other receivables

	2023	*Represented 2022
	€'000	€'000
Trade receivables	1,592,548	1,257,330
Amounts owed by related parties (see Note 27)	1,122,905	1,061,328
Other receivables	850,772	692,532
Prepayments	13,026	34,119
	3,579,251	3,045,309

\*The classification of trade and other receivables categories in 2022 have been represented to be consistent with the current year classification. Certain items that were previously classified as prepayments in 2022, in the amount of €117 million, have been more accurately classified as other receivables in the above table.

## 15. Trade and other receivables *continued*

The Bank of England, in its capacity as the designating authority under the terms of the Financial Markets and Insolvency Regulations 1999 (as amended), granted the Company designation under the UK Settlement Finality Regulation with effect from 23 September 2020. This designation provides the Company legal protection from netting of UK client settlement positions being unwound in an insolvency event. Therefore, settlement receivable and payable positions with UK clients have been presented in the statement of financial position on a net basis.

At 30 September 2023, trade receivables included net settlement receivables with clients of €1,206 million (2022: €1,009 million). The gross amount of the settlement receivable position, not including the €1,096 million (2022: €1,033 million) set off against settlement payables, is €2,302 million (2022: €2,042 million). (See also Note 17, Trade and other payables.)

Amounts owed to the Company by related parties is mainly due to the €1,038 million (2022: €993 million) international settlement receivable position between the Company and Visa Inc., which is normally settled daily on the next business day. (Refer to Note 27, Related party transactions.)

Other receivables are primarily related to client incentive assets in the amount of €708 million (2022: €641 million). (Refer to Note 4, Revenue).

The average debtor days on sales of services is 24 days (2022: 24 days). The Company does not charge interest on unpaid receivables for the first 30 days from the date of invoice.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Company's exposure to credit and currency risks as well as impairment losses related to trade and other receivables are disclosed in Note 24, Financial instruments.

## 16. Cash and cash equivalents

	2023 €'000	2022 €'000
Money market investments	5,681,787	4,847,706
Bank balances	57,346	919,757
Bank overdrafts (see Note 18)	(2,696)	(8,178)
<b>Total cash and cash equivalents (net of overdraft)</b>	<b>5,736,437</b>	<b>5,759,285</b>

Given the increase in interest rates during the year, the Company transferred idle cash balances from non-interest bearing current accounts into money market investments to maximise interest return on the cash.

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24, Financial instruments. The Company's exposure to currency risk related to cash is also disclosed in Note 24.

## 17. Trade and other payables

	2023 €'000	2022 €'000
Trade payables	2,385,582	2,494,361
Amounts owed to related parties (see Note 27)	756,637	746,271
Social security and other taxes	30,053	27,783
Accruals	1,653,442	1,248,551
Deferred income	77,939	65,677
Current lease liabilities (see Note 26)	11,084	10,221
<b>Total trade and other payables</b>	<b>4,914,737</b>	<b>4,592,864</b>

Settlement receivable and payable positions with UK clients have been presented in the statement of financial position on a net basis.

At 30 September 2023, trade payables included net settlement payables with clients of €2,241 million (2022: €2,379 million). The gross amount of the settlement payable position, not including the €1,096 million (2022: €1,033 million) set off against settlement receivables, is €3,337 million (2022: €3,412 million). (See also Note 15, Trade and other receivables.)

Amounts owed to related parties is mainly due to the provision of administrative and marketing support services from the Company's subsidiaries. (Refer to Note 27, Related party transactions.)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs, in addition to net settlement payables with clients. The average creditor days for trade purchases is 36 days (2022: 38 days).

Accruals are primarily related to accrued client incentives in the amount of €1,393 million (2022: €1,127 million) (refer to Note 4), as well as litigation settlements that have been agreed by all parties but not yet paid in the amount of €140 million (2022: €12 million).

## 18. Financial liabilities

	2023	2022
	€'000	€'000
Bank overdrafts	2,696	8,178
Currency derivatives	2,041	23,975
<b>Total financial liabilities</b>	<b>4,737</b>	<b>32,153</b>

The total gross notional amount in respect of all derivative contracts as at 30 September 2023 was €368 million (2022: €1,026 million).

Visa Europe is a designated borrower, along with Visa Inc. and other related entities, of a shared, stand-by credit facility that Visa Europe can access to meet liquidity needs, if required. On 31 May 2023, the existing credit facility was increased from \$5.0 billion to \$7.0 billion and renewed for five years. The total facility was committed to the Visa Inc Group, including Visa Europe. As of 30 September 2023, Visa Europe had a nil draw on the credit facility (2022: nil). In addition, as of 30 September 2023, Visa Inc and other related entities had no amounts outstanding under the credit facility (2022: nil).

## 19. Retirement benefit obligation

### Defined contribution pension schemes

The Company currently operates defined contribution pension schemes and the schemes are open to new entrants. The retirement benefit obligation charge for the year represents contributions payable by the Company to the schemes and amounted to €23.6 million (2022: €20.2 million). The assets of the defined contribution schemes are held in independently administered funds. The charge in respect of these schemes is calculated on the basis of contributions payable by the Company in the financial year. Approximately 96% of all UK employees (2022: 97.0%) are members of these retirement benefit obligation schemes.

### Defined benefit schemes

The Company provides benefits to certain employees through a defined benefit plan which is known as 'the Visa Europe Pension Plan' (VPP). Here the benefits are provided on a funded basis and are based on the final pensionable pay of VPPs members to the maximum level allowed by HMRC. The balance of the benefit, for those few individuals entitled to benefits above the maximum allowed by HMRC, is provided through an unfunded unapproved arrangement (UA). The UA scheme is classified in 'other schemes' in the following tables. The duration of the VPP scheme liabilities is estimated at 17 years. The VPP is open to future accrual but closed to new entrants.

The latest actuarial valuation for the VPP and UA schemes was carried out at 30 September 2020 and was updated for the purpose of IAS 19, Employee Benefits, to 30 September 2023 by a qualified independent actuary. As the VPP scheme is closed to new members, it is expected that the cost of future pension accruing in the VPP as a percentage of individual pensionable salaries will increase as the members age.

The investment strategy of the VPP is the Trustees' responsibility after consulting with the Company. The triennial actuarial valuation of the VPP scheme is used to judge the contribution the Company needs to pay into the pension scheme assuming a level of prudence in its assumptions. It may be different to the IAS 19 accounting assumptions, which is an accounting requirement concerning employee benefits and shown on the Company's statement of financial position. Accounting standards require all companies to assume their pension fund grows at a standard rate reflecting a relatively low level of risk. Generally, the actuarial deficit may be higher than the accounting deficit.

The defined benefit plan exposes the Company to risks, the most significant of which are:

- Asset volatility - The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets under-perform this yield, this will create a deficit. The VPP holds a significant proportion of growth assets (such as equities and diversified growth funds) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the VPP's long-term objectives.
- Inflation risk - A significant portion of the VPP's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). Some of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could also increase the deficit.
- Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the VPP's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the VPP's holdings.
- Life expectancy - Most of the VPP's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

## 19. Retirement benefit obligation *continued*

The Company and Trustees have agreed a long-term strategy to de-risk as and when appropriate. This includes an asset-liability matching policy, which aims to reduce the volatility of the funding level of the VPP. By investing in assets such as leveraged liability driven investments (LDI), which perform in line with the liabilities of the VPP, the VPP is protected to some extent against unanticipated changes in interest rates and inflation. By also investing in reasonably liquid assets, the VPP is protected against sudden large changes in a short period of time that may require assets to be disinvested quickly if the LDI manager requires further collateral. For the life expectancy risk, the funding strategy includes margins for prudence in projecting future mortality improvements.

Following the market volatility at the start of financial year 2023, the Trustee reviewed and agreed a new investment strategy, after consulting with the Company.

During 2010, Visa Europe acquired SAS Carte Bleue. The liabilities of SAS Carte Bleue included a defined benefit scheme, which is unfunded. This scheme, the France Pension Scheme, has been included within 'other schemes' and is in relation to retirement indemnities paid on retirement in line with French regulations. The latest actuarial review for the France Pension Scheme was carried out at 30 September 2023.

In October 2022, the employees of Visa CEMEA (UK) Limited (CEMEA), a wholly owned subsidiary within the Visa Inc. group, as well as all employee related assets and liabilities, were transferred to the Company. In transferring the employees, the Company also replaced CEMEA as the sponsoring employer of its existing funded UK defined benefit pension scheme and its existing unfunded UA arrangement. This resulted in the transfer of the CEMEA scheme's present value of defined benefit assets of €86 million and present value of defined benefit obligations of €(83) million to the Company. This scheme has been included within 'other schemes' for financial year 2023. (Please refer to tables below.) The latest actuarial review for this scheme was carried out at 30 September 2023.

### **Nature of benefits provided by the VPP scheme:**

The Company operates a defined benefit scheme in the UK which is a final salary plan and provides benefits linked to salary at retirement, at earlier date of leaving service or that effective at 1 February 2015. The VPP scheme, which as of 30 September 2023, has 66 active members (current employees of the Company), 587 deferred members (former employees of the Company) and 311 retired members and spouses (currently receiving a pension from the scheme), has been closed to new entrants since 2003.

### **Description of regulatory framework in which the VPP scheme operates**

The UK pensions market is regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website, [www.thepensionregulator.gov.uk](http://www.thepensionregulator.gov.uk).

On 26 October 2018, the High Court issued a judgement relating to Guaranteed Minimum Pensions (GMP) inequality in respect of the Lloyds Banking Group's defined benefit pension schemes. The ruling concluded that GMP benefits should be equalised between male and females for the schemes. Although the ruling relates to the Lloyds Banking Group sponsored schemes, it is expected that this will set a precedent for other UK registered defined benefit schemes. The judgement means there is likely to be an increase in the benefit obligations of other defined benefit schemes. The impact on the VPP liability is assessed to be immaterial.

On 20 November 2020, the High Court issued a further judgement ruling that Lloyds Banking Group pension scheme trustees are legally responsible for equalising the GMPs for the employees who transferred out of one of its defined benefit pension schemes. This was not addressed in the 2018 ruling. The impact of this new ruling on the VPP liability is assessed to be immaterial.

### **Description of responsibilities for governance of the VPP scheme**

The Trustees have the primary responsibility for governance of the VPP - including the setting of contribution rates subject to consultation/agreement with the Company as required by the VPP's Trust Deed and Rules and overriding legislation. Benefit payments are from Trustee administered funds and VPP assets are held in a trust which is governed by UK regulation. The Trustees are comprised of qualified trustees who are independent of the Company, employee representatives of the Company and members in accordance with the Trust Deed and Rules.

19. Retirement benefit obligation *continued*

## Key actuarial assumptions used:

The following key actuarial assumptions were applied across all of the pension schemes, with the exception of the France Pension Scheme (the France Pension Scheme is immaterial):

	2023	2022
	%	%
Discount rate applied to scheme liabilities	5.40	5.00
Expected rate of salary increases (salary sacrifice members)	2.50	2.50
Future pension increases	3.10	3.30
Inflation (RPI)	3.30	3.70
Inflation (CPI)	2.60	2.90

The following key actuarial assumptions were applied to the VPP scheme only:

	2023	2022
	Years	Years
Life expectancy for a male aged 65	23.1	23.6
Life expectancy for a male aged 45 from the age of 65	24.4	24.9
Life expectancy for a female aged 65	25.6	25.9
Life expectancy for a female aged 45 from the age of 65	27.0	27.3

Amounts recognised through the income statement in respect of these defined benefit schemes are as follows:

	2023			2022		
	VPP €'000	Other schemes €'000	Total €'000	VPP €'000	Other schemes €'000	Total €'000
Current service cost	1,151	578	1,729	2,527	(240)	2,287
Net interest (income)/cost on net defined benefit asset and liability	(2,792)	(11)	(2,803)	(614)	78	(536)
Past service costs	—	27	27	—	27	27
	(1,641)	594	(1,047)	1,913	(135)	1,778

Amounts recognised through the income statement have been included in administrative expenses. Remeasurement gains and losses have been reported in other comprehensive income.

The amounts included in the statement of financial position arising from the Company's obligations in respect of its defined retirement benefit schemes are as follows:

	Present value of defined benefit obligation €'000	Fair value of scheme assets €'000	Asset/ (liability) recognised in the statement of financial position €'000
<b>2023</b>			
VPP	(268,098)	297,942	29,844
Other schemes	(82,575)	74,638	(7,937)
Total	(350,673)	372,580	21,907
<b>2022</b>			
VPP	(284,063)	335,984	51,921
Other schemes	(5,558)	—	(5,558)
Total	(289,621)	335,984	46,363

19. Retirement benefit obligation *continued*

On the Company's statement of financial position, aggregate retirement benefit obligations of €11.3 million (2022: €5.6 million) consist of €4.1 million (2022: €4.1 million) related to the France Pension Scheme, which is the pension scheme for the French branch of Visa Europe, €5.8 million (2022: €Nil) related to the CEMEA UA scheme, which was transferred to the Company in October 2022, and €1.4 million (2022: €1.5 million) related to the EVP scheme.

On the Company's statement of financial position, aggregate retirement benefit assets of €33.3 million (2022: €51.9 million) consist of €29.8 million (2022: €51.9 million) related to the VPP scheme and €3.5 million (2022: €Nil) related to the CEMEA UK defined benefit pension scheme, which was transferred to the Company in October 2022.

Movements in the present value of defined benefit obligations were as follows:

	2023			2022		
	VPP €'000	Other schemes €'000	Total €'000	VPP €'000	Other schemes €'000	Total €'000
At 1 October	(284,063)	(5,558)	(289,621)	(449,279)	(8,932)	(458,211)
Inbound transfer of new scheme from CEMEA	—	(83,077)	(83,077)	—	—	—
Current service cost	(1,151)	(578)	(1,729)	(2,527)	240	(2,287)
Interest expense on defined benefit obligation	(14,270)	(4,288)	(18,558)	(9,328)	(78)	(9,406)
Re-measurement gains financial assumptions	26,098	7,433	33,531	174,754	440	175,194
Re-measurement gains demographic assumptions	3,453	911	4,364	37	1	38
Contributions by scheme participants	(78)	—	(78)	(88)	—	(88)
Experience (losses)/gains	(5,906)	(1,627)	(7,533)	(21,336)	2,525	(18,811)
Foreign exchange differences	(3,792)	(225)	(4,017)	10,970	43	11,013
Benefits paid	11,611	4,461	16,072	12,734	119	12,853
Past service cost	—	(27)	(27)	—	(27)	(27)
Other adjustments	—	—	—	—	111	111
At 30 September	(268,098)	(82,575)	(350,673)	(284,063)	(5,558)	(289,621)

Movements in the present value of defined benefit assets were as follows:

	2023			2022		
	VPP €'000	Other schemes €'000	Total €'000	VPP €'000	Other schemes €'000	Total €'000
At 1 October	335,984	—	335,984	475,608	—	475,608
Inbound transfer of new scheme from CEMEA	—	86,406	86,406	—	—	—
Interest income on assets	17,062	4,299	21,361	9,942	—	9,942
Losses on plan assets excluding interest income	(66,180)	(12,551)	(78,731)	(143,058)	—	(143,058)
Foreign exchange difference	4,676	224	4,900	(11,837)	—	(11,837)
Contributions by scheme participants	78	—	78	88	—	88
Contributions from the sponsoring company	17,933	721	18,654	17,975	119	18,094
Benefits paid	(11,611)	(4,461)	(16,072)	(12,734)	(119)	(12,853)
At 30 September	297,942	74,638	372,580	335,984	—	335,984

During the year the Company did not make any unscheduled contributions to reduce the deficit. (Refer to the below section, Description of any funding arrangements and funding policy that would affect future contributions.)

19. Retirement benefit obligation *continued*

The analysis of the fair value of the VPP assets at the reporting date is shown below. The assets are classified by level within the fair value hierarchy.

VPP assets with a fair value based on quoted market prices (level 1) include valuations that are determined by unadjusted quoted prices for identical instruments in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

VPP assets measured using 'market comparison techniques', whereby the fair values are based on broker quotes of similar instruments traded in an active market, are classified as level 2. The fair value of level 2 assets are based on observable inputs and are not based upon significant unobservable inputs.

VPP assets with a fair value based on significant unobservable inputs (level 3) include valuations that incorporate significant inputs that are not based on observable market data. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations, or analytical techniques.

	2023			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity instrument – Overseas	—	—	—	—
Liability driven investments	—	146,990	—	146,990
Debt instruments	—	106,154	27,691	133,845
Property	—	—	—	—
Cash and cash equivalents	17,232	—	—	17,232
	<b>17,232</b>	<b>253,144</b>	<b>27,691</b>	<b>298,067</b>

	2022			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity instrument – Overseas	—	13,673	—	13,673
Liability driven investments	—	127,075	—	127,075
Debt instruments	—	146,447	27,723	174,170
Property	—	18,568	—	18,568
Cash and cash equivalents	2,823	—	—	2,823
	<b>2,823</b>	<b>305,763</b>	<b>27,723</b>	<b>336,309</b>

The total ending fair value of VPP assets in the above tables do not agree to the total ending fair value of VPP defined benefit assets in the previous tables within Note 19, due to foreign exchange translation difference, which is immaterial.

Remeasurement gains/(losses) recognised in other comprehensive income were as follows:

	Re-measurement gains financial assumptions €'000	Re-measurement gains demographic assumptions €'000	Experience (losses) on assets €'000	Experience (losses)/ gains on liabilities €'000	Total €'000
<b>2023</b>					
VPP	26,098	3,453	(66,180)	(5,906)	(42,535)
Other schemes	7,433	911	(12,551)	(1,627)	(5,834)
<b>Total</b>	<b>33,531</b>	<b>4,364</b>	<b>(78,731)</b>	<b>(7,533)</b>	<b>(48,369)</b>
<b>2022</b>					
VPP	174,754	37	(143,058)	(21,336)	10,397
Other schemes	440	1	—	2,525	2,966
<b>Total</b>	<b>175,194</b>	<b>38</b>	<b>(143,058)</b>	<b>(18,811)</b>	<b>13,363</b>

19. Retirement benefit obligation *continued***Description of any funding arrangements and funding policy that would affect future contributions:**

UK legislation requires that pension schemes are funded prudently, which will produce a higher value for the liabilities than the best estimate IAS19 accounting basis. The last funding valuation of the VPP which has been signed off was carried out by a qualified actuary as at 30 September 2020 and showed a deficit of €39 million. Although the IAS19 assumptions indicated a surplus at 30 September 2023 and 2022, the Company continued to pay deficit contributions of €13 million per annum, which, along with investment returns from return-seeking assets, was expected to make good the funding shortfall by 30 September 2023. Whether the funding shortfall has been made good will not be confirmed until the results of the next scheduled funding valuation (30 September 2023) have been carried out and shared with the Company (this is expected no later than the second quarter of financial year 2024). The Company also pays contributions of €0.4 million per month to meet the cost of benefits accrued by active members.

The Company's best estimate of contributions to be paid over the following year is €18 million, which is based on the Schedule of Contributions currently in force that was agreed and signed off during financial year 2021.

The VPP duration is an indicator of the weighted-average time until benefit payments are made. For the VPP as a whole, the duration was around 24 years at 30 September 2020. It is estimated that this has reduced to about 17 years as at 30 September 2023.

**Expected future benefit payments:**

	€'000
2024	7,721
2025	7,953
2026	8,192
2027	8,438
2028	8,692
2029-33	47,536

Expected amounts to be recognised through the income statement in financial year 2024 in respect of these defined benefit schemes are as follows:

	2024		
	VPP €'000	Other schemes €'000	Total €'000
Current service cost	948	372	1,320
Net interest (income)/cost on net defined benefit asset and liability	(1,746)	277	(1,469)
Past service costs	—	27	27
	(798)	676	(122)

## 20. Provisions

Provisions held as at 30 September 2023:

	2023		
	Asset retirement obligation €'000	Indirect taxes €'000	Total €'000
At 30 September 2022	10,534	21,476	32,010
Additional provision in the year	—	17,980	17,980
Unwinding of discount	130	—	130
Provisions reversed during the year	—	(12,948)	(12,948)
Foreign exchange difference	137	36	173
At 30 September 2023	10,801	26,544	37,345

The asset retirement obligation represents a liability to restore the Company's leased buildings to their original condition. The provision is made on a discounted basis over the remainder of the lease. A corresponding asset has been capitalised within land and buildings in property, plant and equipment and is being amortised to the income statement over the term of the lease. The leases expire between March 2024 and March 2029.

The provision for indirect taxes reflects a number of value-added tax matters, the tax treatment of which involves a degree of estimation and judgement. The movement in recognised provisions during the current year was driven by the assessment of estimates and the utilisation of provisions in light of ongoing discussions with tax authorities in various jurisdictions. The utilisation date of the remaining €26.5 million is uncertain.

## 21. Other non-current liabilities

	2023 €'000	2022 €'000
Non-current lease liability (see Note 26)	63,000	70,708
Other tax related liabilities	1,290	1,290
Client incentives	57,850	38,707
Total other non-current liabilities	122,140	110,705

## 22. Share capital, share premium, capital contributions and reserves

### Share capital

	2023		2022	
	Number	€	Number	€
Issued and fully paid:				
Ordinary shares of €1 each at 30 September	32,211	32,211	32,211	32,211

During the financial year 2022, Visa Inc. undertook a global legal entity restructuring of the Fraedom group of companies, which it acquired in 2018. As part of this restructuring, on 30 June 2022, Visa International Holdings Limited, the Company's immediate parent company, contributed its €1 share of Fraedom UK Limited to the Company in exchange for an additional share in the Company. (Refer to Note 12, Investment in subsidiaries.) In September 2023, Fraedom UK Limited was dissolved.

### Share premium and reserves

#### Share premium

In December 2016, Visa Inc. subscribed to an additional 100 shares of Visa Europe for an aggregate subscription price of €60.9 million.

## 22. Share capital, share premium, capital contributions and reserves *continued*

### Contribution reserve

In February 2017, Visa Inc. completed a reorganisation of certain legal entities to align its corporate structure to the geographic jurisdictions in which it conducts business. The reorganisation resulted in a capital contribution to the Company of €106 million from Visa International Holdings Limited, the Company's immediate parent company.

RSUs have been granted by the overall parent company, Visa Inc., which are not charged back to the Company. The benefit received by the Company is therefore considered a capital contribution recognised in equity totalling €196 million to date.

### Merger reserve

During the financial year 2022, Visa Inc. undertook a global legal entity restructuring of the Fraedom group of companies, which it acquired in 2018. As part of this restructuring, and as mentioned above, on 30 June 2022, Visa International Holdings Limited, the Company's immediate parent company, contributed its €1 share of Fraedom UK Limited to the Company in exchange for an additional share in the Company. The consideration paid for the net assets of Fraedom UK Limited was less than the book value, which totalled €6 million. Following the acquisition, the Company was the sole recipient of Fraedom UK Limited's distribution of its net assets. The receipt of this distribution has been recognised as per the requirements of the Companies Act directly within the Company's equity as merger relief has been adopted.

### Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedging pending subsequent recognition in the income statement as the hedged cash flows affect profit or loss. Refer to Note 24, Financial instruments, for further details of the Company's risk management and hedging strategy.

### Retained earnings

Over the course of the financial year, the Company paid cash dividends to its immediate parent Visa International Holdings Limited in the aggregate amount of €2,618 million (2022: €2,565 million).

In October 2022, the employees of CEMEA, a wholly owned subsidiary within the Visa Inc. group, as well as all employee related assets and liabilities, were transferred to the Company, at a net asset value of €2.3 million.

The Company's profit on ordinary activities after taxation was €2,744 million (2022: €2,856 million).

## 23. Financial risk management

### Overview

The Company has exposure to the following risks arising from financial instruments and assets held on the balance sheet:

- Credit risk
- Settlement risk (client credit risk)
- Liquidity risk
- Market risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks. Further quantitative disclosures are included in Note 24.

### Risk management framework

The Company's attitude to risk and risk appetite is determined by the management level Europe Risk Committee. These are then endorsed by the Board Risk Committee of the Visa Europe Board. The Board Risk Committee also endorses the tolerance and capacity for the various risk categories.

An enterprise-wide risk management framework is used as a way to identify, assess and report against risks. This is a Company-wide activity involving all divisions, by engagement with our Risk management teams. Risk and control reviews and assessments identify the relevant risks and controls and develop plans to mitigate those risks.

The Company is exposed to a range of financial risks which predominantly arise from activity settling client volumes (settlement and credit risk), changes in foreign exchange rates, interest rates and money market liquidity. A financial risk management framework is in place, where appropriate, to mitigate any negative impact these may have on the Company's reported results.

The financial risk management framework is referenced in the treasury policy (the Policy). The Policy provides guidance over all treasury matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the Policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio, and to manage the impact of foreign exchange volatility on the Company's net income.

## 23. Financial risk management *continued*

The execution of the Policy is performed by the Treasury team and is monitored by the Chief Financial Officer. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities.

The Company manages its foreign exchange and liquidity risks in accordance with these policies using a variety of derivative and non-derivative instruments. These derivative instruments are comprised of forward foreign exchange contracts. The Company does not trade in financial instruments, nor does it take on speculative or open positions through its use of derivatives.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's receivable customers, banks and derivative counterparties.

### **Settlement risk (client credit risk)**

Settlement risk is the risk that participants within payments network do not settle outstanding balances when due or a client is unable to meet its obligations to the Company as and when they fall due. The Company employs a specialist credit settlement risk management team that is responsible for monitoring the credit settlement risk related to each member that participates in the Visa system. This is done by regularly assessing each principal member's financial health and evaluating their ability to respond to a settlement risk (client credit risk), which has a short duration measured in days. The exposure to each member is also assessed based on issuing and acquiring volumes, as well as reviewing the robustness of any merchant risk management undertaken by acquiring members. The latter focuses in particular on members that acquire for merchants with prolonged fulfilment periods. In addition, future service transactions through acquiring pose a longer-term risk. These risks are managed through a range of tools including collateral where members' financial strength is assessed as non-investment grade.

Other risk management measures include assessing the economic, supervisory and regulatory environment of the countries in which those members operate. To reduce any potential member losses that may arise from members' failure to settle, any members that are assessed as presenting an unacceptable risk to the Visa system are required to provide financial safeguards to ensure performance of settlement obligations arising from card and other product clearing.

The Company measures and monitors its level of loss absorbing capital relative to the client credit risk exposure (i.e. settlement risk) generated by the participant with the largest settlement exposure. Following designation under UK Settlement Finality Regulation in September 2020, UK settlement exposure is measured on a net basis. Visa Europe aims to hold sufficient net liquid assets funded by equity to absorb the potential losses arising from the disorderly failure of its single largest participant.

### **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Company is unable to meet settlement obligations to acquiring banks due to failure of an issuing bank to pay.

To mitigate this risk, it is the Company's policy that sufficient liquidity must be available on a same-day basis in the amount equivalent to or greater than that represented by the participant with the largest net settlement exposure on any given day.

Investment of the Company's cash assets is restricted to financial counterparties with a minimum credit rating of A- and limits are documented for both individual counterparties and by investment instrument type to reduce concentration risk. No investments are classed as either past due or subject to an expected credit loss.

In addition to the Company's own liquid investments, there exists committed back-up liquidity facilities of \$7.0bn (2022: \$5.0bn) arranged by Visa Inc. with a syndicate consisting of high credit quality financial institutions. Visa Europe is a designated borrower, along with Visa Inc. and other related entities to the shared committed facility which can be accessed to meet liquidity needs, if required.

### **Market risk**

Market risk is the risk that movements in market factors such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will impact the Company's income or value of its financial instruments. The Company is exposed to market risk factors such as changes in foreign exchange rates and interest rates.

## 23. Financial risk management *continued*

### i) Foreign exchange risk

A substantial proportion of the Company's expenditure is denominated in foreign currencies, mainly Sterling and US Dollar. To manage the income statement volatility attributable to this foreign exchange risk, the foreign exchange exposure of future committed and uncommitted cash flows is mitigated through the use of natural and derivative hedging within the parameters defined by the treasury policy. Committed cash flows relate to certain contractual rights or obligations. Uncommitted cash flows are highly probable future cash flows for which the Company does not yet have a contractual right or obligation.

### ii) Interest rate risk

Visa Europe is exposed to fluctuations in interest rates on its investments and borrowings. Currently, Visa Europe has no long-term debt, but monitors interest rate exposures on its investment portfolio so as to minimise the effect of interest rate fluctuations on the income statement.

### Other price risk

The defined benefit pension scheme is additionally exposed to equity price risk and this indirectly affects the Company. Refer to Note 19, Retirement benefit obligation.

### Capital management

Visa Europe maintains a Capital Management and Dividend Policy, which sets out the Company's objectives and approach in managing capital.

As set out within the Policy, Visa Europe's objectives are

- a. To ensure that the Company maintains sufficient capital in the form of Liquid Net Assets Funded by Equity (LNAFE) to cover the risks the business undertakes;
- b. Support its strategic objectives; and
- c. To comply at all times with regulatory requirements.

The Visa Europe Capital Management and Dividend Policy is approved by the Visa Europe Board Risk Committee.

The amount required to support this is defined by Visa Europe's risk appetite and includes a provision to cover both client credit risk - refer to Credit risk above - and general business risk. As at 30 September 2023, the provision for general business risk stood at €692 million, and is based on requirements set out within the Company's Capital Management and Dividend Policy. Visa Europe's risk appetite is approved by the Visa Europe Board.

Visa Europe monitors capital in line with the measurement set out within the Principles for Financial Market Infrastructures – that is based on LNAFE. This is calculated monthly based on an analysis of short-term assets less short-term liabilities up to the amount recorded as equity.

The Company reports its financial resources position to the Bank of England regularly.

The Internal Financial Resources Adequacy Assessment (IFRAA) is updated annually and is presented to the Visa Europe Board Risk Committee for approval. The IFRAA identifies the key sources of financial risk and documents resources held to mitigate these risks. The adequacy of financial resources is stress tested against a range of stress scenarios. Stress testing is conducted at least annually to provide insight into the risk management cycle to inform risk appetite, recovery plan and financial planning/budgeting. However, stress testing may also be conducted more frequently on an ad-hoc basis to accommodate changes in business landscape, market conditions, capital planning and regulatory changes. Scenarios and assumptions included within the IFRAA are reviewed by the Stress Testing Working Group (STWG) on a quarterly basis to ensure that they capture any change in environment or business operations that could materially change the Company's risk profile. The stress tests look to cover current economic regulatory issues that impact the Company's statement of financial position, as well as risk drivers identified for the current financial year.

The Company may make dividends provided it retains sufficient capital to meet future obligations plus a buffer, and if for some reason Visa Europe's capital falls below this level, dividends will be halted.

As at 30 September 2023, the calculated net liquid assets for Visa Europe stood at €4.4 billion (2022: €4.1 billion), with dividends of €2.6 billion (2022: €2.6 billion) paid to Visa Europe's shareholder during the financial year. Visa Europe does not have any debt.

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## 24. Financial instruments

### Settlement risk (client credit risk)

Settlement risk, a form of credit risk for the Company related specifically to clients, is the risk that participants within payments network do not settle outstanding balances when due or a client is unable to meet its obligations to the Company as and when they fall due. Daily settlements volumes averaged approximately €5.2 billion (2022: €5.3 billion). To guard against any potential losses that may arise, the Company obtains financial safeguards from clients where it is deemed appropriate. This is based on board-approved guidelines and generally includes cash equivalents, letters of credit and guarantees.

24. Financial instruments *continued*

The Company held the following financial safeguards to mitigate its settlement risk with clients:

	2023	2022
	€ million	€ million
Cash	661.0	589.0
Letters of credit	149.0	154.0
Guarantees	147.0	194.0
Pledged securities	63.0	—
<b>Total</b>	<b>1,020.0</b>	<b>937.0</b>

As these forms of collateral do not meet the definition of an asset for the Company, no amounts are included on the statement of financial position. The cash is not an asset of the Company as the Company is not exposed to the risks and rewards of the cash, individual clients retain beneficial ownership and the cash is only accessible to the Company in the event of default on its settlement obligations by the client.

The Bank of England, in its capacity as the designating authority under the terms of the Financial Markets and Insolvency Regulations 1999 (as amended), granted the Company designation under the UK Settlement Finality Regulation with effect from 23 September 2020. This designation provides the Company legal protection from netting of UK client settlement positions being unwound in an insolvency event and therefore settlement receivable and settlement payable positions with UK clients are presented in the statement of financial position on a net basis from the date of the designation. Refer to Note 15, Trade and other receivables, and Note 17, Trade and other payables.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's receivables from customers, banks and derivative counterparties. The carrying amount of financial assets represents the Company's maximum exposure, which at the reporting date, was as follows:

	2023	*Represented 2022
	€ million	€ million
Financial assets held at fair value	11.2	5.8
Trade and other receivables	3,567.0	3,011.0
Cash, net of overdraft	5,736.0	5,759.0
	<b>9,314.2</b>	<b>8,775.8</b>

\*The comparative has been represented to include related party receivables totalling €1,061 million, which was erroneously omitted in the prior year. In addition, the classification of trade and other receivables categories in 2022 have been represented to be consistent with the current year classification, in the amount of €117 million. See Note 15 - Trade and other receivables for further details.

Trade and other receivables in the above table includes gross amounts owed by related parties and excludes prepayments.

In applying IFRS 9, *Financial Instruments*, no material ECL was determined for trade and other receivables and cash.

91% of the Company's cash balance is held in "AAA" rated short-term Money Market Funds and 9.0% is held at the Bank of England. These diversified pooled investment funds invest in high-quality, short-term debt instruments and allow same-day access to cash if required.

At the reporting date there were no significant financial guarantees for third-party obligations that increased this risk. The Company signs netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement with the respective counterparties, which minimises the exposure on derivative positions.

24. Financial instruments *continued*

The Company only trades foreign exchange with investment grade banks as presented in the table below:

S&P Ratings less than one year	2023	2022
	€ million	€ million
A1+	—	—
A1	7.1	(6.7)
A2	2.1	(11.5)
	<b>9.2</b>	<b>(18.2)</b>

## Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations as they fall due.

## Maturity analysis

The following tables show the Company's contractual maturities of financial assets and liabilities, including estimated interest payments. Where appropriate, values have been presented on a contractual cash flow basis. The Company's derivative financial instruments and hedge accounting policy is disclosed in Note 2.

	Less than 7 days € million	7 to 30 days € million	31 to 90 days € million	91 plus days € million	Total € million	Contractual cash flow € million
<b>30 September 2023</b>						
<b>Non-derivative financial liabilities:</b>						
Trade payables	(2,386.0)	—	—	—	(2,386.0)	(2,386.0)
<b>Derivative financial liabilities:</b>						
Foreign exchange forward contracts	—	(1.4)	(0.3)	(0.4)	(2.1)	(2.1)
<b>Total financial liabilities</b>	<b>(2,386.0)</b>	<b>(1.4)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(2,388.1)</b>	<b>(2,388.1)</b>
<b>Non-derivative financial assets:</b>						
Cash and cash equivalents, net of overdraft	5,736.0	—	—	—	5,736.0	5,736.0
Trade receivables	1,593.0	—	—	—	1,593.0	1,593.0
<b>Derivative financial assets:</b>						
Foreign exchange forward contracts	—	0.3	4.3	6.6	11.2	11.2
<b>Total financial assets</b>	<b>7,329.0</b>	<b>0.3</b>	<b>4.3</b>	<b>6.6</b>	<b>7,340.2</b>	<b>7,340.2</b>
<b>Total liquidity risk</b>	<b>4,943.0</b>	<b>(1.1)</b>	<b>4.0</b>	<b>6.2</b>	<b>4,952.1</b>	<b>4,952.1</b>

	Less than 7 days € million	7 to 30 days € million	31 to 90 days € million	91 plus days € million	Total € million	Contractual cash flow € million
<b>30 September 2022</b>						
<b>Non-derivative financial liabilities:</b>						
Trade payables	(2,494.0)	—	—	—	(2,494.0)	(2,494.0)
<b>Derivative financial liabilities:</b>						
Foreign exchange forward contracts	(4.3)	(7.9)	(8.6)	(3.1)	(23.9)	(23.9)
<b>Total financial liabilities</b>	<b>(2,498.3)</b>	<b>(7.9)</b>	<b>(8.6)</b>	<b>(3.1)</b>	<b>(2,517.9)</b>	<b>(2,517.9)</b>
<b>Non-derivative financial assets:</b>						
Cash and cash equivalents, net of overdraft	5,759.0	—	—	—	5,759.0	5,759.0
Trade receivables	1,257.0	—	—	—	1,257.0	1,257.0
<b>Derivative financial assets:</b>						
Foreign exchange forward contracts	—	1.9	2.9	1.0	5.8	5.8
<b>Total financial assets</b>	<b>7,016.0</b>	<b>1.9</b>	<b>2.9</b>	<b>1.0</b>	<b>7,021.8</b>	<b>7,021.8</b>
<b>Total liquidity risk</b>	<b>4,517.7</b>	<b>(6)</b>	<b>(5.7)</b>	<b>(2.1)</b>	<b>4,503.9</b>	<b>4,503.9</b>

24. Financial instruments *continued*

The following table indicates the periods in which the maturities associated with derivatives are expected to occur on a notional contract basis.

	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
<b>30 September 2023</b>					
Foreign exchange forward contracts					
Sterling	62.5	77.3	—	—	139.8
US Dollar	34.3	—	—	—	34.3
Other	(59.5)	(33.6)	—	—	(93.1)
<b>Total</b>	<b>37.3</b>	<b>43.7</b>	<b>—</b>	<b>—</b>	<b>81.0</b>

	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
<b>30 September 2022</b>					
Foreign exchange forward contracts					
Sterling	63.5	—	—	—	63.5
US Dollar	(222.5)	—	—	—	(222.5)
Other	(49.5)	(39.6)	—	—	(89.1)
<b>Total</b>	<b>(208.5)</b>	<b>(39.6)</b>	<b>—</b>	<b>—</b>	<b>(248.1)</b>

The following table indicates the periods in which the maturities associated with cash flow hedges outstanding at 30 September 2023 and 2022 are expected to occur on a notional contract basis. Realised gains or losses associated with these contracts will impact the income statement at maturity.

	6 months or less € million	6-12 months € million	1-3 years € million	than 3 years € million	Total € million
<b>30 September 2023</b>					
Foreign exchange forward contracts					
Sterling	62.5	77.3	—	—	139.8
US Dollar	—	—	—	—	—
Other	(59.5)	(33.6)	—	—	(93.1)
<b>Total</b>	<b>3.0</b>	<b>43.7</b>	<b>—</b>	<b>—</b>	<b>46.7</b>

	6 months or less € million	6-12 months € million	1-3 years € million	than 3 years € million	Total € million
<b>30 September 2022</b>					
Foreign exchange forward contracts					
Sterling	140.3	—	—	—	140.3
US Dollar	—	—	—	—	—
Other	(49.5)	(39.6)	—	—	(89.1)
<b>Total</b>	<b>90.8</b>	<b>(39.6)</b>	<b>—</b>	<b>—</b>	<b>51.2</b>

24. Financial instruments *continued*

The following table shows the fair values of the Company's derivative financial instruments held at 30 September 2023 and 2022:

	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
<b>30 September 2023</b>					
Foreign exchange forward contracts					
Sterling	(0.4)	(0.3)	—	—	(0.7)
US Dollar	(1.3)	—	—	—	(1.3)
Other	9.9	1.3	—	—	11.2
<b>Total</b>	<b>8.2</b>	<b>1.0</b>	<b>—</b>	<b>—</b>	<b>9.2</b>
<b>30 September 2022</b>					
Foreign exchange forward contracts					
Sterling	(6.6)	—	—	—	(6.6)
US Dollar	(11.9)	—	—	—	(11.9)
Other	1.0	(0.7)	—	—	0.3
<b>Total</b>	<b>(17.5)</b>	<b>(0.7)</b>	<b>—</b>	<b>—</b>	<b>(18.2)</b>

Forecast data for liabilities which may be incurred in the future is not included in the table above. Amounts in foreign currency were translated at the closing rate at the reporting date. The variable payments arising from the financial instruments were calculated based on the forward interest rate yield curve at 30 September 2023 and 2022. Interest on interest rate swaps includes the paid and received amounts as interest is settled on a net basis. Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Visa Europe is a designated borrower, along with Visa Inc. and other related entities, of a shared, stand-by credit facility that Visa Europe can access to meet liquidity needs, if required. Refer to Note 18, Financial liabilities, for further details.

## Market risk

Market risk is the risk that movements in market factors such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the Company's income or value of its financial instruments.

### Interest rate risks

The Company is exposed to fluctuations in interest rates on its cash investments. The majority of cash and cash equivalents are held as deposits with less than three months maturity, are readily accessible and receive floating rate interest.

The following table shows deposits held:

	2023	2022
	Carrying amount € million	Carrying amount € million
<b>Financial assets</b>		
Amounts owing from counterparties under various deposit arrangements at various interest rates	5,681.8	5,361.5
<b>Total</b>	<b>5,681.8</b>	<b>5,361.5</b>

24. Financial instruments *continued***Currency risk****Hedge accounting**

As described above, the Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. To hedge these exposures, the Company uses foreign exchange forward contracts and interest rate swaps. Where applicable, contracts are designated as cash flow hedges. As at the end of September 2023, the Company had no designated or undesignated interest rate swaps. The Company does not use derivative financial instruments for speculative purposes. The Company's derivative financial instruments and hedge accounting policy is disclosed in Note 2.

The Company's cash flow hedging policy stipulates a maximum hedge tenor of 13 months.

The fair value movements of certain foreign currency and interest rate transactions that are not designated as hedges for accounting purposes are recorded in the income statement.

The carrying amount of derivative financial instruments and whether these derivatives are designated in a formal hedging relationship at the reporting date is analysed as follows:

	2023		2022	
	Assets € million	Liabilities € million	Assets € million	Liabilities € million
<b>Designated in a qualifying hedging relationship</b>				
Foreign exchange forward contracts				
Sterling	—	(0.7)	—	(5.3)
US Dollar	—	—	—	—
Other	11.2	—	1.2	(2.7)
<b>Total</b>	<b>11.2</b>	<b>(0.7)</b>	<b>1.2</b>	<b>(8.0)</b>
<b>Not designated in a qualifying hedging relationship</b>				
Foreign exchange forward contracts				
Sterling	—	—	3.5	(4.8)
US Dollar	—	(1.4)	0.6	(12.6)
Other	—	—	—	—
<b>Total</b>	<b>—</b>	<b>(1.4)</b>	<b>4.1</b>	<b>(17.4)</b>

**Sensitivity analysis on foreign exchange risk**

Residual risk after hedging is assessed using sensitivity analysis.

The Company has an element of non-Euro settlement exposure by retaining liquid investments and accounts receivable values denominated in foreign currency. The assets in the statement of financial position have been hedged using a combination of natural hedging - offsetting liabilities in the same currency and currency forwards. The risk is evaluated by the impact of a hypothetical 10% currency shift. The impact of a 10% currency shift on net exposure at year-end would be €6.2 million (2022: €7.5 million).

A significant strengthening of the US Dollar or Sterling against the Euro will negatively affect the Company's results. The Company assesses the risk by evaluating the impact of a hypothetical 10% currency shift in the net underlying exposure on a monthly basis. At year-end 2023, a 10% strengthening of both the US Dollar and Sterling against the Euro would adversely affect the cash flow by €10.5 million (2022: €2.5 million).

The following tables demonstrate foreign currency exposures affecting cash, trade receivables, trade payables, revenue and administrative expenses. The primary net foreign currency exposures against the Euro are the US Dollar and Sterling.

The split of cash, trade receivables and trade payables by currency for the years ended 2023 and 2022 were as follows:

Currency	Cash				Trade receivables				Trade payables			
	2023		2022		2023		2022		2023		2022	
	€ m	%	€ m	%	€ m	%	€ m	%	€ m	%	€ m	%
US Dollar	229	4	518	9	108	3	152	5	639	13	505	11
Euro	4,991	87	4,780	83	2,362	66	2,040	67	2,604	53	2,618	57
Sterling	516	9	461	8	465	13	396	13	836	17	735	16
Other	—	—	—	—	644	18	457	15	836	17	735	16
	<b>5,736</b>	<b>100</b>	<b>5,759</b>	<b>100</b>	<b>3,579</b>	<b>100</b>	<b>3,045</b>	<b>100</b>	<b>4,915</b>	<b>100</b>	<b>4,593</b>	<b>100</b>

24. Financial instruments *continued*

The split of revenue and administrative expenses by currency for the years 2023 and 2022 were as follows:

Currency	Revenue				Administrative expenses <sup>(1)</sup>			
	2023		2022		2023		2022	
	€ m	%	€ m	%	€ m	%	€ m	%
US Dollar	1,130	21	945	18	723	36	511	30
Euro	2,745	51	2,889	55	562	28	546	32
Sterling	646	12	788	15	703	35	597	35
Other	861	16	630	12	20	1	51	3
	<b>5,382</b>	<b>100</b>	<b>5,252</b>	<b>100</b>	<b>2,008</b>	<b>100</b>	<b>1,705</b>	<b>100</b>

(1) Administrative expenses excludes foreign exchange net loss of €12 million (2022: €36 million net gain).

## Fair values

Financial instruments with a fair value based on quoted market prices (level 1) include valuations which are determined by unadjusted quoted prices for identical instruments in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

The Company uses foreign currency and interest rate derivatives to hedge its market risk exposures. These level 2 financial instruments are measured using 'market comparison techniques', whereby the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. When determining the value for these financial instruments there are no significant unobservable inputs.

Financial instruments with a fair value based on significant unobservable inputs (level 3) include valuations which incorporate significant inputs for the instrument that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product.

These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
<b>30 September 2023</b>				
<b>Derivative financial assets:</b>				
Currency derivatives	—	11.2	—	11.2
	—	11.2	—	11.2
<b>Derivative financial liabilities:</b>				
Currency derivatives	—	(2.1)	—	(2.1)
	—	(2.1)	—	(2.1)
<b>30 September 2022</b>				
<b>Derivative financial assets:</b>				
Currency derivatives	—	5.8	—	5.8
	—	5.8	—	5.8
<b>Derivative financial liabilities:</b>				
Currency derivatives	—	(23.9)	—	(23.9)
	—	(23.9)	—	(23.9)

Cash and cash equivalents, trade receivables and trade payables are recognised and measured by the Company at amortised cost. Management considers fair value and book value to be the same. These items are assessed to be level 2 financial instruments.

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date and were as follows:

	2023	2022
Derivative contracts	3.74% to 5.68%	0.12% to 3.75%

24. Financial instruments *continued***Accounting Classification**

The following tables show all the Company's financial assets and liabilities by accounting classification.

	Fair Value through P&L (FVTPL) € million	Financial assets/(liabilities) at amortised cost € million	Total € million
<b>30 September 2023</b>			
<b>Financial assets:</b>			
Cash and cash equivalents	—	5,736.0	5,736.0
Trade and other receivables	—	2,444.0	2,444.0
Currency derivatives	11.2	—	11.2
<b>Total</b>	<b>11.2</b>	<b>8,180.0</b>	<b>8,191.2</b>
<b>Financial liabilities:</b>			
Trade and other payables	—	(2,386.0)	(2,386.0)
Currency derivatives	(2.1)	—	(2.1)
<b>Total</b>	<b>(2.1)</b>	<b>(2,386.0)</b>	<b>(2,388.1)</b>
<b>30 September 2022</b>			
<b>Financial assets:</b>			
Cash and cash equivalents	—	5,759.0	5,759.0
*Trade and other receivables	—	1,950.0	1,950.0
Currency derivatives	5.8	—	5.8
<b>Total</b>	<b>5.8</b>	<b>7,709.0</b>	<b>7,714.8</b>
<b>Financial liabilities:</b>			
Trade and other payables	—	(2,494.0)	(2,494.0)
Currency derivatives	(23.9)	—	(23.9)
<b>Total</b>	<b>(23.9)</b>	<b>(2,494.0)</b>	<b>(2,517.9)</b>

\*The classification of Trade and other receivables categories in 2022 have been represented to be consistent with the current year classification (refer to Note 15).

## 25. Contingent liabilities

The Company is subject to extensive regulation and oversight in the conduct of its business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the Company's business activities or other sanctions. The Company seeks to minimise these risks through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training, the use of appropriate documentation, and the involvement of outside legal counsel, where appropriate.

**UK and Other Retailer claims**

Since July 2013, proceedings have been commenced by more than 1,100 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) against Visa Europe, Visa Inc. and other Visa subsidiaries in the UK and other countries, 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 reporting date, Visa has settled the claims asserted by over 175 Merchants, and there are approximately 900 Merchants with outstanding claims. In addition, over 30 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 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 one Merchant (Sainsbury's). In judgments published in November 2017 and February 2018, the court found as to Sainsbury's that Visa's UK domestic interchange did not restrict competition (Article 101(1) TFEU), but that if it had been found to restrict competition, it would not be exemptible under applicable law (Article 101(3) TFEU). On 4 July 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 17 June 2020, the Supreme Court found that Visa's UK domestic interchange restricted competition under applicable competition law (Article 101(1) TFEU). On 30 September 2021, Visa reached a confidential settlement agreement resolving Sainsbury's claims.

## 25. Contingent liabilities *continued*

On 26 November 2021, with respect to certain pending Merchant claims, the UK Competition Appeal Tribunal (CAT) found that UK and certain other domestic and intra-European Economic Area consumer interchange fees before the introduction of the Interchange Fee Regulation (IFR) were a restriction of competition, but that the question of whether those fees, along with inter-European Economic Area fees, are a restriction of competition after the introduction of the IFR would need to be resolved at trial. This will apply to only the claimants not captured by the CAT summary judgment. Whether any interchange fees are exempt from the finding of restriction under applicable law (Article 101(3) TFEU) and the assessment of damages, if any, will also need to be considered at trial. On 4 October 2022, the UK Court of Appeal affirmed the CAT's ruling. The CAT has set trial dates for 2024.

On 1 June 2022, two class action claims were filed against Visa with the CAT on behalf of UK businesses that accepted Visa-branded payment cards at any time since 1 June 2016, alleging that UK domestic, intra-European Economic Area, and inter-regional interchange fees on commercial credit cards, and inter-regional interchange fees on consumer cards, are anti-competitive.

On 8 June 2023, the CAT denied class certification in the two class action claims. The Proposed Class Representative has indicated an intention to make a second attempt at class certification only in relation to commercial interchange fees.

The full scope of potential damages is not yet known because not all Merchant claims have been served and the Company has substantial defences. However, the claims that have been issued, served and/or preserved, seek, in aggregate, several billion euros in damages with timing uncertain. Although other Visa Group entities, in addition to Visa Europe, are included as named defendants in the Retailer Litigation, Visa Europe will absorb all losses associated with the claim.

There is a significant judgment in assessing whether there is a need to recognise a provision in relation to the Merchant claims. From a legal perspective, the case is multi-faceted with a number of hearings required to cover both the legal liability and any quantum considerations.

In assessing Visa's liability, the Company's directors note the adverse ruling regarding the setting of interchange fees by the Supreme Court in regards to Article 101(1) TFEU, arising from the historic (and since settled) claim made by Sainsburys, however this is only the first step in determining if Visa Europe set anti-competitive interchange fees. The second element is an assessment of Article 101(3) TFEU – the efficiency test (the exemptible level of interchange fees), which was never ruled on as part of the Sainsbury's claim. It is Visa's view that the Merchants obtain sufficient benefit from the use of Visa's payment network and services to offset the costs that they incur (these benefits are both qualitative and quantitative). In a further step, actual damages could only be those that have not been passed on to the Merchants' own customers, and if there are no individual countervailing benefits that the Merchants may have enjoyed. Therefore, an adverse ruling is only possible if the courts determine that the interchange fees are a restriction of competition, and only to the degree that the fees paid exceed the exemptible level, and that Merchants have not passed on the delta to their customers, and, at the quantum stage, that individual Merchant benefits do not eliminate any outstanding remaining difference.

The current timetable for court hearings is: liability issues in February/March 2024; pass-on issues October 2024; a trial to address the question of exemption (legal level) of interchange in 2025 or 2026; and a trial to address the quantum of any damages owed to Merchants in 2027.

On the basis of management's assessment, and consultation with legal counsel, it is not likely that a present obligation exists, but it is possible. If any obligation does exist then it is not likely to result in an outflow of economic benefits. The Company's directors will continue to actively defend the case in the best interest of all stakeholders and any historic claims that have been settled, including those settled during the year, are no indication or expectation of future settlement. On this basis the probable threshold for the recognition of a provision has not been met for a constructive obligation.

### **Europe claims**

#### *Euronet proceedings*

On 13 December 2019, Euronet 360 Finance Limited, Euronet Polska Spółka z.o.o., Euronet Services spol. S.r.o. and Euronet Card Services S.A. ("Euronet") served a claim in the UK alleging that certain rules affecting ATM access fees in Poland, the Czech Republic and Greece made and enforced by Visa Inc. and Mastercard Incorporated, and certain of their subsidiaries, which included Visa Europe, breach various competition laws. Euronet sought damages, costs, and injunctive relief to prevent the defendants from enforcing these rules.

On 1 October 2023, Visa reached a confidential settlement agreement resolving Euronet's claims, and the claim against Visa has been dismissed. Charges associated with the settlement were recognised and are reflected in the Company's 2023 income statement as Administrative expenses and in the Company's 2023 statement of financial position as Trade and other payables. Although other Visa Group entities, in addition to Visa Europe, are included as named defendants in the Euronet proceedings, Visa Europe will absorb all losses associated with the claims.

#### *Poland interchange litigation*

On 6 November 2019, a Polish petrol retailer, Orfen, brought a domestic interchange fee claim before a Polish court and subsequently on 31 January 2020, a claim was brought by Super-Pharm. Visa's defences in these cases were served on 23 July 2020 and 22 October 2020, respectively. A further claim was brought by AmRest on 26 June 2020 and Visa's defence to this claim was submitted to the court on 8 January 2021. Finally, a claim has been brought by EURO-net (a different company to Euronet referred to above), which was served on 1 April 2020, and Visa submitted its defence to this claim on 8 March 2021. Further rounds of pleadings have been exchanged. (Collectively these claims are referred to as "Poland litigation".)

## 25. Contingent liabilities *continued*

In some of the above cases, hearings have been already held. In the AmRest case a hearing took place on 28 April 2022. At this hearing the court dismissed part of the claim as time barred. In the statement of reasons, the judge did not explain which part of Visa's claim was actually dismissed. In any case, the court will provide the relevant background of its decision in the final ruling. AmRest appealed this ruling to the Court of Appeal on 29 July 2022. AmRest's appeal was officially served on Visa on 15 December 2022. Visa filed its response on 29 December 2022. An appellate hearing took place on 7 June 2023. The second court instance did not issue a ruling. For procedural reasons the substantive hearing has been moved to 11 September 2023. However, the indicated date may be the subject of further corrections depending on the organisational and procedural issues.

On 1 July 2022, 30 November 2022, 18 April 2023 and 26 September 2023, hearings took place in the Super-Pharm case, and on 9 December 2022 and 3 March 2023, in the EURO-net case. The next court hearing in the Super-Pharm case has been set for 30 January 2024. On 30 March 2023, the court dismissed the entire EURO-net claim as time-barred. EURO-net appealed this ruling to the Court of Appeal on 29 May 2023, however, no date has been scheduled for the appeal hearing.

In the Orlen case, on 9 July 2022, the court decided to summon Visa Europe as party to the Orlen case. The order has not yet been served on Visa Europe and the Company have made additional submissions to the court to obtain a revision of the order. However, the court has not revisited its decision. The Polish judicial documents will be served on Visa Europe. No hearings are set for the Orlen case.

Notwithstanding the foregoing, there is also an interchange proceeding without Visa's involvement (i.e. between CCC S.A., DNB Bank Polska S.A., Credit Agricole Bank Polska S.A. as defendants and Bank Millenium S.A., PKO BP S.A. as intervening parties), in which Visa Europe has been required to disclose specified categories of documents containing confidential information relating to interchange fees. The Polish court's order to disclose evidence was delivered to the Company on 29 March 2023. Visa Europe appealed against this order on 25 April 2023, challenging inter alia the scope of information that is being requested. CCC filed its reply to that appeal on 24 May 2023. The Court of Appeal in Warsaw has not yet ruled on Visa Europe's appeal.

The Company is of the view that it is possible that there will be an outflow of economic benefit associated with the Poland interchange litigation.

### *German ATM litigation*

On 23 December 2020, 275 German savings banks filed a request for 'conciliation' proceedings in relation to direct access fees (DAFs), which had the effect of suspending the limitation period for alleged antitrust damage claims for the year 2015 in relation to Visa's ban on charging consumers for domestic debit cash withdrawals at ATMs (the 'DAF ban'). On 22 March 2021, Visa declined to participate in these proceedings and the proceedings were terminated.

From December 2021 up to July 2022, Visa was served with claims brought in September 2021 by 272 German savings banks before 21 different German courts against Visa Europe and Visa Inc. The lawsuits are aimed at seeking relief to: (i) allow the claimants to introduce DAFs for debit and credit cards; (ii) declare that the DAF ban in the Visa Rules for credit cards violates German competition law; and (iii) damages. From September 2022 to February 2023, Visa Inc and Visa Europe were served with claims by each of Volksbank Karlsruhe, Volksbank Köln (Cologne) and Volksbank Braunschweig Wolfsburg. These claims were brought in May 2022. The cooperative bank is represented by the same law firm as the savings banks with a virtually identical brief, but their claims are restricted to nullifying the DAF ban (no damages sought). Three additional claims with the same objective were brought by each of OstseeSparkasse Rostock, Sparkasse Hegau-Bodensee and Sparkasse Schaeßel, filed in October 2022 and served on Visa Inc. and Visa Europe in December 2022 and January 2023, in addition to the damages actions, in which these savings banks also participate. (Collectively these proceedings are referred to as the "German DAF Proceedings".)

Visa has challenged the jurisdiction of German courts. The regional courts in Düsseldorf, Frankfurt and Kiel have ruled in the first instance and came to diverging conclusions; appeals have been brought.

The Company is of the view that it is possible that there will be an outflow of economic benefit associated with the German DAF Proceedings.

The full scope of potential damages and outflow of economic benefit related to the Poland interchange litigation and the German DAF Proceedings is not yet known because the claims are at a very early stage and the Company has substantial defences. However, the claims that have been issued, served and/or preserved, in aggregate, seek less than €500 million in damages. The timing of any potential outflows is uncertain at this stage. Although other Visa Group entities, in addition to Visa Europe, are included as named defendants in these claims, Visa Europe will absorb all losses associated with the claims.

## 26. Leases

### The Company as lessee

The Company leases its office properties. The leases run for an average term of nine years, with an option to renew the lease after that date and lease payments are renegotiated to reflect market rentals. 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. Some leases provide for additional rent payments that are based on changes in local price indices.

The Company, in previous years, also leased residential property for certain expatriate employees. The leases typically ran for a term of one to three years. As of 30 September 2023 and 2022, all residential property leases had expired and were not renewed.

Information about leases for which the Company is a lessee is presented below.

#### Right-of-use assets

Right-of-use assets are leased properties that do not meet the definition of investment property.

	2023		
	Office property	Residential property	Total
	€'000		
Balance at 1 October 2022	72,243	—	72,243
Depreciation charge for the year	(12,486)	—	(12,486)
Additions to right-of-use assets	5,786	—	5,786
Balance at 30 September 2023	65,543	—	65,543

	2022		
	Office property	Residential property	Total
	€'000		
Balance at 1 October 2021	82,809	269	83,078
Depreciation charge for the year	(11,277)	(269)	(11,546)
Additions to right-of-use assets	922	—	922
Other adjustments	(211)	—	(211)
Balance at 30 September 2022	72,243	—	72,243

#### Amounts recognised in profit or loss

	2023	2022
	€'000	€'000
Depreciation of right-of-use assets presented in 'Administrative expenses'	(12,486)	(11,546)
Interest on lease liabilities presented in 'Net finance income/(expense)'	(2,262)	(2,841)
Income from sub-leasing right-of-use assets presented in 'Other operating income'	1,887	1,938

#### Amounts recognised in statement of cash flows

	2023	2022
	€'000	€'000
Total cash outflow for leases:		
Payment of lease liabilities-principal	13,643	13,695
Payment of lease liabilities-interest	2,125	2,413
	15,768	16,108

26. Leases *continued**Lease liabilities*

At 30 September 2023 and 2022, the present value of future minimum lease payments was as follows:

	2023 €'000	2022 €'000
Within one year	13,631	12,234
One to two years	15,635	14,797
Two to three years	15,635	14,240
Three to four years	15,635	14,240
Four to five years	15,635	14,240
More than five years	4,469	18,051
<b>Total undiscounted lease payments</b>	<b>80,640</b>	<b>87,802</b>
<b>Less: interest</b>	<b>(6,556)</b>	<b>(6,873)</b>
<b>Present value of lease liabilities</b>	<b>74,084</b>	<b>80,929</b>
<b>Current portion of lease liabilities presented in 'Trade and other payables' (Note 17)</b>	<b>11,084</b>	<b>10,221</b>
<b>Non-current portion of lease liabilities presented in 'Other liabilities' (Note 21)</b>	<b>63,000</b>	<b>70,708</b>
<b>Present value of lease liabilities</b>	<b>74,084</b>	<b>80,929</b>

At 30 September 2023, the Company did not have any leases that had not yet commenced but to which the Company is committed (2022: nil).

*Extension options*

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The above lease liabilities balance includes extension options exercisable by the Company.

## The Company as lessor

The Company sub-leases out a portion of its office property leases with other entities within the Visa Group. The Company has classified these sub-leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Property rental income earned during the year was €1.9 million (2022: €1.9 million).

The sub-leases expires in December 2028 and March 2029.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2023 €'000	2022 €'000
Within one year	1,892	1,937
One to two years	1,892	1,937
Two to three years	1,892	1,937
Three to four years	1,892	1,937
Four to five years	750	1,937
More than five years	154	2,485
	<b>8,472</b>	<b>12,170</b>

## 27. Related party transactions

The Company earns an intercompany fee through the provision of various services to Visa Inc., the Company's overall parent company and other entities within the Visa Group.

These services include intra-regional transaction fees and other information technology related services, as well as administrative support. The total intercompany revenue earned by the Company from Visa Inc. and other entities within the Visa Group, for the year was €14.5 million (2022: €20.9 million).

In addition, the Company incurred intercompany expenses of €627.3 million (2022: €510.7 million) under the Framework Agreement with Visa Inc. for the full year. The expenses are comprised of license fees, management fees and royalties, as well as fees related to information technology and network infrastructure. Expenses were higher in the current year due to higher costs levied on the Company related to the increase in processed transactions during the year, as well as an overall increase in fees and additional royalties.

The Company incurs an intercompany management fee through the provision of various services from its subsidiaries. These services include the provision of administrative and marketing support services. The total intercompany management fee paid to subsidiaries is shown below:

	2023	2022
	€'000	€'000
Visa Europe Services LLC	67,805	40,357
Visa Europe Management Services Limited	161,770	167,707
Other subsidiaries	41,814	17,258
<b>Total intercompany management fee paid to subsidiaries (see Note 5)</b>	<b>271,389</b>	<b>225,322</b>

During the year, the Company paid a total of €2,618 million interim cash dividends to its immediate parent, Visa International Holdings Limited (2022: €2,565 million).

The Company sub-leases out a portion of its office property leases to other entities within the Visa Group and property rental income earned during the year was €1.9 million (2022: €1.9 million). (Refer to Note 26, Leases).

Included in revenue in the Company's income statement is revenue that is collected by other Visa Group entities on the Company's behalf in the amount of €3,167 million (2022: €3,081 million).

At 30 September 2023 and 2022, the Company's trade and other receivables falling due within one year include the following amounts due from Visa Inc. and other Visa Group entities and the Company's trade and other payables falling due within one year include the following amounts due to Visa Inc. and other Visa Group entities and amounts due to the Company's subsidiaries:

	2023	2022
	€'000	€'000
Visa Inc. and other Visa Group entities	1,122,905	1,061,328
<b>Amounts owed by related parties (see Note 15)</b>	<b>1,122,905</b>	<b>1,061,328</b>
Visa Inc. and other Visa Group entities	(174,290)	(185,173)
Company's subsidiaries	(582,347)	(561,098)
<b>Amounts owed to related parties (see Note 17)</b>	<b>(756,637)</b>	<b>(746,271)</b>

Certain members of the Visa Europe Leadership Team are considered to be key management personnel. Disclosure of their remuneration is shown below.

	2023	2022
	€'000	€'000
Short-term employee benefits	12,189	13,018
Share-based payment	9,817	8,131
Retirement benefits	585	528
Termination benefits	—	197
Other long-term benefits	1,532	1,081
	<b>24,123</b>	<b>22,955</b>

## 27. Related party transactions *continued*

Directors' remuneration is disclosed in Note 9. The above table includes the remuneration for members of Visa Europe's Leadership Team who are also directors.

Share-based awards granted in the year are delivered in a mix of equity instruments with both performance and time-bound restrictions over the next three years (see Note 8).

### **Overall Parent Company**

Visa Inc., which is incorporated in the United States of America, is Visa Europe's overall controlling related party. Copies of the financial statements for Visa Inc., are available from its website. The largest and smallest group of undertakings for which accounts have been drawn up is that headed by Visa Inc.

Visa International Holdings Limited, a UK limited company, is Visa Europe's immediate parent company. Both Visa International Holdings Limited and Visa Europe are indirect wholly-owned subsidiaries of Visa Inc.

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## 28. Subsequent events

See Note 25, Contingent liabilities, for details on activity of pending litigation against the Company taking place subsequent to the balance sheet date and before the date of approval of the Directors' Report.

On 25 October 2023, the Company paid an interim cash dividend in the amount of €646 million to its immediate parent, Visa International Holdings Limited, in line with the Visa Europe Capital Management and Dividend Policy and Annual Dividend Plan. This was in addition to the interim dividends paid during financial year 2023.

On 28 November 2023, the Company received an interim cash dividend from VES, a wholly owned subsidiary of the Company, in the amount of €349 million.

## Visa Europe office and business information

**Head Office**

1 Sheldon Square  
London  
W2 6TT  
United Kingdom  
Tel: +44 (0)20 7937 8111  
Fax: +44 (0)20 7937 0877

**Company secretary**

Prini Pithouse  
1 Sheldon Square  
London  
W2 6TT

**Registered office**

1 Sheldon Square  
London  
W2 6TT

**Registered number**

5139966

**Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Solicitor**

Linklaters  
1 Silk Street  
London  
EC2Y 8HQ

**Banker**

Barclays Bank  
1 Churchill Place  
London  
E14 5HP

**Overall parent company**

Visa Inc.  
P.O. Box 8999  
San Francisco, California  
94128-8999

**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, 2023

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
 For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
 Commission file number 001-33977

**VISA**

**VISA INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**P.O. Box 8999**

**San Francisco, California**

(Address of principal executive offices)

\*ACIUPK00\*  
 A19 21/12/2023 #20  
 COMPANIES HOUSE

**Z6-U267673**  
 (IRS Employer  
 Identification No.)  
**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
1.500% Senior Notes due 2026	V26	New York Stock Exchange
2.000% Senior Notes due 2029	V29	New York Stock Exchange
2.375% Senior Notes due 2034	V34	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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's class A common stock, held by non-affiliates (using the New York Stock Exchange closing price as of March 31, 2023, the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$364.9 billion. There is currently no established public trading market for the registrant's class B common stock, or the registrant's class C common stock.

As of November 8, 2023, there were 1,580,679,900 shares outstanding of the registrant's class A common stock, 245,513,385 shares outstanding of the registrant's class B common stock, and 9,453,068 shares outstanding of the registrant's class C common stock.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Proxy Statement for the 2024 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, 2023.

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Unless the context indicates otherwise, reference to "Visa," "we," "us," "our" or "the Company" 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.

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### **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; the approval and implementation of the potential certificate of incorporation amendments and the potential exchange offers; 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*, *Item 1A*, *Item 7* 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 purpose is to uplift everyone, everywhere by being the best way to pay and be paid. We facilitate global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions and government entities through innovative technologies.

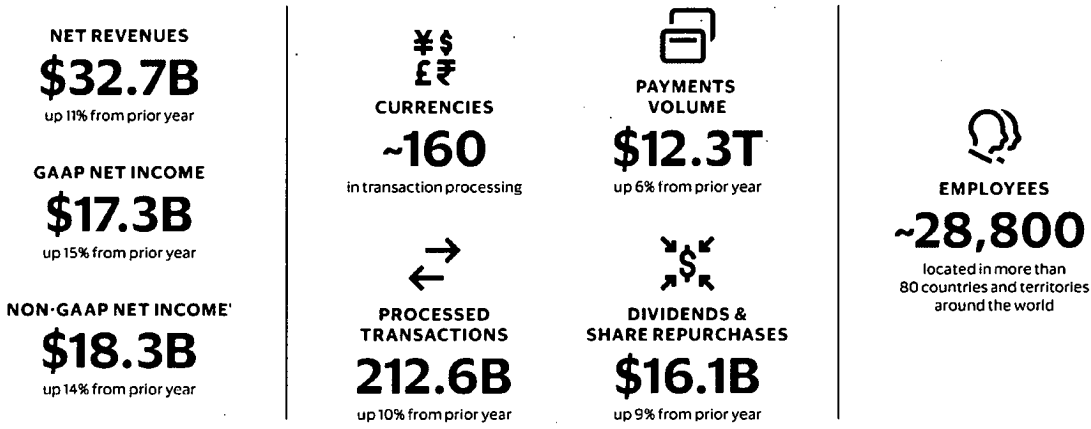
Since Visa's early days in 1958, we have been in the business of facilitating payments between consumers and businesses. We are focused on extending, enhancing and investing in our proprietary advanced transaction processing network, VisaNet, to offer a single connection point for facilitating payment transactions to multiple endpoints through various form factors. As a network of networks enabling global movement of money through all available networks, we are working to provide payment solutions and services for everyone, everywhere. Through our network, we offer products, solutions and services that facilitate secure, reliable and efficient money movement for participants in the ecosystem.

- **We facilitate secure, reliable and efficient money movement among consumers, issuing and acquiring financial institutions and merchants.** We have traditionally referred to this structure as the "four-party" model. Please see *Our Core Business* discussion below. 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. During fiscal year 2023, 276 billion payments and cash transactions with Visa's brand were processed by Visa or other networks, equating to an average of 757 million transactions per day. Of the 276 billion total transactions, 213 billion were processed by Visa.
- **We offer a wide range of Visa-branded payment products** that our clients, including 14,500 financial institutions, use to develop and offer payment solutions or services, including credit, debit, prepaid and cash access programs for individual, business and government account holders. During fiscal year 2023, Visa's total payments and cash volume was \$15 trillion, and 4.3 billion payment credentials, which are issued Visa card accounts that were available worldwide to be used at more than 130 million merchant locations.<sup>(1)</sup>
- **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 use the resources of our platform to scale and grow their businesses more quickly and effectively.
- **We are accelerating the migration to digital payments** through our network of networks strategy. 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. This model ultimately helps 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) and government-to-consumer (G2C) payments, in addition to consumer to business (C2B) payments.
- **We provide value added services** to our clients, including issuing solutions, acceptance solutions, risk and identity solutions, open banking 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 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.

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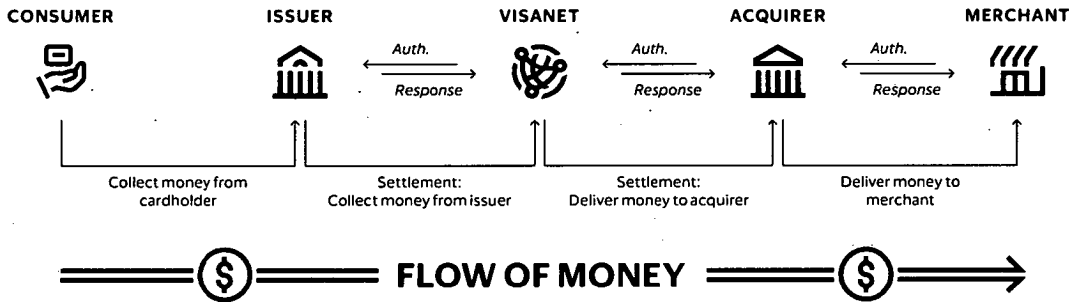
<sup>(1)</sup> The number includes an estimated 30 million locations through payment facilitators, which are technology providers that provide payment acceptance services to merchants on behalf of acquirers. Data provided to Visa by acquiring institutions and other third parties as of June 30, 2023.

**FISCAL YEAR 2023 KEY STATISTICS**



<sup>(1)</sup> Please see *Item 7* of this report for a reconciliation of our GAAP to non-GAAP financial results.

**OUR CORE BUSINESS**

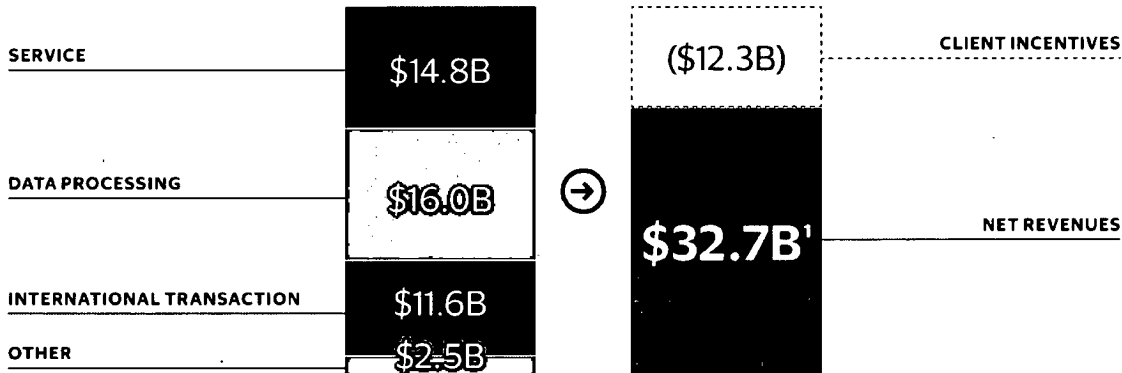


In a typical Visa C2B payment transaction, the consumer purchases goods or services from a merchant using a Visa card or payment product. The merchant presents the transaction data to an acquirer, usually a bank or third-party processing firm that supports acceptance of Visa cards or payment products,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

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Our net revenues in fiscal year 2023 consisted of the following:



- SERVICE REVENUES**  
Earned for services provided in support of client usage of Visa payment services
- DATA PROCESSING REVENUES**  
Earned for authorization, clearing, settlement; value added services related to issuing, acceptance, and risk and identity solutions; network access; and other maintenance and support services that facilitate transaction and information processing among our clients globally
- INTERNATIONAL TRANSACTION REVENUES**  
Earned for cross-border transaction processing and currency conversion activities

- OTHER REVENUES**  
Consist mainly of value added services related to advisory, marketing and certain card benefits; license fees for use of the Visa brand or technology; and fees for account holder services, certification and licensing
- CLIENT INCENTIVES**  
Paid to financial institution clients, merchants and other business partners to grow payments volume; increase Visa product acceptance; win merchant routing transactions over to our network; and drive innovation

<sup>(1)</sup> Figure may not recalculate exactly due to rounding.

Please see *Item 7 and Note 1—Summary of Significant Accounting Policies* included in *Item 8* of this report, which include disclosures on how we earn and recognize our revenues.

Visa provides payment processing for both non-Visa-branded and Visa-branded card transactions. In the context of non-Visa-branded card transactions, we facilitate payment processing by providing gateway routing services to other payment networks. At the client's request, we may provide authorization, clearing or settlement services on our network before or after we route the transaction to the other payments network. In those instances, Visa may earn data processing revenues for the specific services provided. In the context of Visa-branded card transactions on our network, we provide authorization, clearing and settlement services and may earn service, data processing, international transaction, or other revenues. Depending on applicable regulations, some payment processors may or may not use our network to process Visa-branded card transactions. If they use our network, we may earn service revenues and data processing revenues. If they do not use our network, we earn only service revenues.

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 paid by acquirers to issuers. We establish default interchange reimbursement fees that apply absent other established settlement terms. These default interchange reimbursement fees are set independently from the revenues we receive from issuers and acquirers. Our acquiring clients are responsible for setting the fees they charge to merchants for the MDR and for soliciting merchants. Visa sets fees to acquirers independently from any fees that acquirers may charge merchants. Therefore, the fees we receive from issuers and acquirers are not derived from interchange reimbursement fees or MDRs.

# 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



## FORTIFY KEY FOUNDATIONS



# Revenue Growth Drivers

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



## Consumer Payments

We remain focused on moving trillions of dollars of consumer spending in cash and checks 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.

**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 deposit 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.

**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.

**Enablers**

We enable consumer payments and help our clients grow as digital commerce, new technologies and new participants continue to transform the payments ecosystem. Some examples 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 the process of 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.

Globally, we have 50 countries and territories with more than 90 percent contactless penetration and more than 100 countries and territories where tap to pay is more than 50 percent of face-to-face transactions. Excluding the United States, 76 percent of face-to-face transactions globally were contactless in fiscal year 2023. In the U.S., Visa has surpassed 40 percent contactless penetration and more than 520 million tap-to-pay-enabled Visa cards. We have activated more than 750 contactless public transport projects worldwide. In addition, we processed more than 1.6 billion contactless transactions on global transit systems in fiscal year 2023, an increase of more than 30 percent year over year.



**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 consumer experience. VTS helps protect digital transactions by replacing 16-digit Visa account numbers with a token that includes a surrogate account number, cryptographic information and other data to protect the underlying account information. This security technology can work for a variety of payment transactions, both in person or online.

The provisioning of network tokens continues to accelerate. As of the end of fiscal year 2023, Visa provisioned more than 7.5 billion network tokens, surpassing the number of physical cards in circulation. The milestone reinforces Visa's commitment to secure, reliable and efficient money movement, in person and online.



**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 as secure, reliable and interoperable as the checkout experience in person.

## **New Flows**

New flows focus on facilitating commercial and global money movement across Visa's network of networks. This 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 and G2C payments.



VISA DIRECT



VISA COMMERCIAL  
SOLUTIONS



VISA CROSS-BORDER  
SOLUTIONS

### **Visa Direct**

Visa Direct is part of Visa's strategy beyond C2B payments and helps facilitate the delivery of funds to eligible cards, deposit accounts and digital wallets across more than 190 countries and territories. Visa Direct supports multiple use cases, such as P2P payments and account-to-account transfers, business and government payouts to individuals or small businesses, merchant settlements and refunds.

Visa Direct utilizes more than 70 domestic payment schemes, 10 real-time payments schemes, 15 card-based networks and five payment gateways, with the potential to reach more than 8.5 billion cards, deposit accounts and digital wallets. In fiscal year 2023, Visa Direct processed more than 7.5 billion transactions across more than 2,800 global programs. Visa Direct solutions supported more than 500 partners across more than 65 use cases. We also announced in fiscal year 2023 Visa's partnership with DailyPay, i2C, PayPal, TabaPay, Venmo and Western Union to pilot Visa+, an innovative service that aims to help individuals send money quickly and securely between different participating P2P digital payment apps.

We continue to build on our network of networks strategy by investing in our own capabilities with Visa+ and Visa Alias Directory Service, which offers capabilities to our clients to link aliases, such as mobile numbers or email addresses, to payment credentials, as well as strategically collaborating with digital and mobile payment providers to expand the reach of Visa Direct and deliver even stronger domestic and cross-border payment and connection capabilities to our clients.

### **Visa Commercial Solutions**

We are also expanding our network with B2B payments. Our three strategic areas of focus include investing in 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 commercial 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. These 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 clients. The network delivers B2B cross-border payments that are reliable, flexible, data-rich, secure and cost-effective. Visa B2B Connect continues to scale and is available in more than 100 countries and territories.

### **Visa Cross-Border Solutions**

Formerly Treasury as a Service, Visa Cross-Border Solutions aligns with our global network of networks strategy, as we are focused on building the infrastructure that enables our clients of all sizes to deliver cross-border products with visibility, speed and security. This includes a series of solutions for our established cross-border consumer payments business, as well as use cases enabled by our digitally native Currencycloud platform, which includes real-time foreign exchange rates, virtual accounts, and enhanced liquidity and settlement capabilities.

## 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.



### Issuing Solutions

Visa DPS is one of the largest issuer processors of Visa debit transactions in the world. In addition to multi-network transaction processing, Visa DPS also provides a wide range of value added services, including fraud mitigation, dispute management, data analytics, campaign management, a suite of digital solutions and contact center services. Our capabilities in API-based issuer processing solutions, like DPS Forward, allow our clients to create new payments use cases and provide them with modular capabilities for digital payments.

We also provide a range of other services and digital solutions to issuers, such as account controls, digital issuance, and branded consumer experiences. Additionally, Visa provides loyalty and benefits solution to issuers aimed at creating compelling and differentiated cardholder experiences, as well as 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 a portfolio of BNPL solutions for traditional clients, as well as installments providers, who use our cards and services to support a wide variety of installment options before, during or after checkout, in person and online.

### Acceptance Solutions

Visa Acceptance Solutions, which includes Cybersource, provides modular, value added services in addition to the traditional gateway function of connecting merchants to payment processing. Using the platform, acquirers, payment service providers, independent software vendors, and merchants of all sizes can improve the way their consumers engage and transact; help to mitigate fraud and lower operational costs; and adapt to changing business requirements. They can also connect with other fintechs through a global payment management platform to use their services. Visa Acceptance Solutions' capabilities provide new and enhanced payment integrations with ecommerce platforms, enabling sellers and acquirers to provide tailored commerce experiences with payments seamlessly embedded. Visa Acceptance Solutions enables an omnichannel solution with a cloud-based architecture to deliver more innovation at the point of sale.

In addition, Visa provides secure, reliable services for merchants and acquirers that reduce friction and drive acceptance. Examples include Global Urban Mobility, which supports transit operators to accept Visa contactless payments in addition to closed-loop payment solutions; and Visa Account Updater, which provides updated account information for merchants to help strengthen customer relationships and retention. Visa also offers dispute management services, including a network-agnostic solution from 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 and digital payments among consumers, fraud prevention helps increase trust in digital payments. Solutions such as Visa Advanced Authorization, Visa Secure, Visa Risk Manager and Decision Manager, 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.

Aligned to our network of networks strategy, Visa is increasingly bringing our expertise and capabilities to emerging fraud challenges, working with network operators and financial institutions to help mitigate fraud. These value-added fraud prevention tools layer on top of a suite of our network 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

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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 or partner breach investigations, and law enforcement engagement, Visa helps protect financial institutions and merchants from fraud and solve payment security challenges.

**Open Banking**

In March 2022, Visa acquired Tink AB, an open banking platform, to catalyze fintech innovation and accelerate the development and adoption of open banking securely and at scale. Visa's open banking capabilities range from data access use cases, such as account verification, balance check and personal finance management, to payment initiation capabilities, such as account-to-account transactions and merchant payments. These capabilities can help our partner businesses deliver valuable services to their customers.

**Advisory Services**

Visa Consulting and Analytics (VCA) 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. VCA offers consulting services for issuers, acquirers, merchants, fintechs and other partners, spanning the entire customer journey from acquisition to retention. Further, VCA Managed Services, our dedicated execution arm within the consulting division, is being increasingly utilized by clients to implement our recommendations and wider value added services product enablement.

## 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**

Our network of networks strategy means moving money to all endpoints and to all form factors, using all available networks and being a single connection point for our partners; and providing our value added services on all transactions, no matter the network. The key component of our network of networks strategy is interoperability. We are opening up our network and increasingly using other networks to reach accounts we could not otherwise reach and enabling new types of money movement. Visa B2B Connect, Visa Direct, and Visa+ are examples of our strategy.

**Technology Platforms**

Visa's leading technology platforms comprise software, hardware, data centers and a large telecommunications infrastructure. Visa's four 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. We also invest significantly in our comprehensive approach to cybersecurity. We deploy security technologies to protect data confidentiality, the integrity of our network and service availability to strengthen our core cybersecurity capabilities to minimize risk. Our

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payments fraud disruption team continually monitors threats to the payments ecosystem to help ensure attacks are detected and prevented efficiently and effectively.

### **Brand**

Visa's strong brand 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 a sponsor of top entertainment and sports events including the FIFA Women's World Cup 2023™, the Olympic and Paralympic Games, and the Super Bowl.

### **Talent**

Attracting, developing and advancing the best talent globally is critical to our continued success. This year we grew our total workforce from approximately 26,500 in fiscal year 2022 to approximately 28,800 employees in fiscal year 2023, an increase of 9 percent year over year. Voluntary workforce turnover (rolling 12-month attrition) was 6 percent as of September 30, 2023. Visa employees are located in more than 80 countries and territories, with 55 percent located outside the U.S. At the end of fiscal year 2023, Visa's global workforce was 58 percent men and 42 percent women, and women represented 36 percent of Visa's leadership (defined as vice president level and above). In the U.S., ethnicity of our workforce was 42 percent Asian, 8 percent Black, 13 percent Hispanic, 3 percent Other and 35 percent White. For our U.S. leadership, the breakdown was 18 percent Asian, 6 percent Black, 13 percent Hispanic, 3 percent Other and 60 percent White.

Given Visa's ambitious growth agenda and efforts to achieve our purpose, we have focused on enhancing our employees' expertise across our business. This includes an enhanced development program for our senior leaders and a formal technology apprenticeship program to help us broaden and strengthen our talent channels and pipelines. We have also committed to providing employees with the tools they need to do their work more quickly and easily, including an artificial intelligence or AI-driven portal with a searchable knowledge base to create customized results and bespoke solutions. We enhanced our mental well-being and retirement benefits, which is reflective of our key priority to take care of our employees.

We also are dedicated to ensuring that employees feel valued in their day-to-day work. During our global employee engagement survey last year, we learned that our employees wanted more opportunities to recognize and be recognized, in more informal ways. In response, Visa developed a program that better enabled employees to provide peer-to-peer recognition for each other's contributions. Using UPLIFT, Visa's new recognition platform, employees can celebrate their peers' achievements, send e-cards to celebrate the employee journey (from welcoming new hires to recognizing service anniversaries), use an automated internal networking tool that matches employees based on smart algorithms, and more. Importantly, all our recognition categories are grounded in behaviors that reflect our employee value proposition or Visa's Leadership Principles – further reinforcing that at Visa, it is not only about *what* you achieve, but *how* you do it. Employee engagement in peer recognition has significantly increased since the launch, with monthly active users reaching 78 percent in September 2023, compared to 45 percent in September 2022. With this enhanced platform, employees are encouraged to recognize and uplift each other.

Visa is committed to pay equity, regardless of gender or race/ethnicity, and conducts pay equity analyses on an annual basis. We are also committed to transparency – this year, we launched total rewards statements in the United Kingdom in addition to those already provided in Asia, to drive a deeper understanding and appreciation of total rewards value to the individual. We plan to introduce statements in the U.S. as well. For additional information regarding our human capital management, please see the section titled "Talent and Human Capital Management" in Visa's 2023 Proxy Statement as well as our website at [visa.com/esg](https://www.visa.com/esg), which includes enhanced workforce disclosures that include our 2022 Consolidated EEO-1 Report and our 2022 Environmental, Social and Governance (ESG) Report. See *Available Information* below.

### **FINTECH AND DIGITAL PARTNERSHIPS**

Fintechs are a vital growth engine for Visa and a key driver in realizing our purpose – to uplift everyone, everywhere by being the best way to pay and be paid. Fintechs are key enablers of new payment experiences and new flows. Our work with fintechs is one of our greatest opportunities and 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. Our portfolio of fintech partners is diverse and continues to grow and scale. We signed more than 500 commercial partnerships with

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fintechs globally, from early stage companies to growing and mature players, an increase of 25 percent year over year.

To better serve fintechs, Visa has a suite of streamlined commercial programs and digital onboarding tools. Fintech Fast Track, our flagship program for fintechs is designed to help launch new financial features quickly, such as launching a new card program or enabling the movement of money with Visa Direct. We provide streamlined onboarding and turnkey access to hundreds of ecosystem partners. The program has welcomed hundreds of fintechs who are actively engaged in the program.

Visa Ready, our certification program, helps technology companies build and launch payment solutions that meet Visa's global standards around security and functionality. Fintech Partner Connect helps build pathways between Visa's issuing clients and fintech providers. With our startup engagement programs, like the Visa Everywhere Initiative that launched in 2022, early-stage companies can build payment solutions based on our capabilities. Visa also manages programs including She's Next, Empowered by Visa, a global women's entrepreneurship initiative, and Africa Fintech Accelerator Program to uplift underrepresented communities.

### **MERGERS AND ACQUISITIONS, JOINT VENTURES AND STRATEGIC INVESTMENTS**

Visa continually explores opportunities to augment our capabilities and provide meaningful value to our clients. Mergers and acquisitions, joint ventures 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, joint ventures and investments to ensure they will differentiate our network, provide value added services and accelerate growth.

In fiscal year 2023, we signed a definitive agreement to acquire Pismo, a cloud-native issuer processing and core banking platform with operations in Latin America, Asia Pacific and Europe. The transaction is subject to customary closing conditions, including applicable regulatory reviews and approvals.

### **CORPORATE RESPONSIBILITY AND SUSTAINABILITY**

Visa is committed to operating as a responsible, ethical, inclusive and sustainable company. As one of the global leaders in digital payments, Visa strives to join with clients, partners and other stakeholders to empower people, businesses and communities to thrive, to be an industry leader in addressing the corporate responsibility and sustainability (CRS) topics most significant to our role as a payments technology company, and to meet and exceed our expectations for performance and transparency. Visa's purpose is to uplift everyone, everywhere by being the best way to pay and be paid. We believe deeply in our purpose, and we are focused on empowering people and economies; securing commerce and protecting customers; investing in our workforce; protecting the planet; and operating responsibly. Our 2022 ESG Report, as well as other CRS-related resources are available on our website at [visa.com/esg](https://www.visa.com/esg). See *Available Information* below.

### **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 own a number of patents and patent applications related to our business and continue to pursue patents in emerging technologies that may have applications in 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

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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 American Express, Discover, JCB, Mastercard and UnionPay. These competitors may be more concentrated in specific geographic regions, such as Discover in the U.S. and JCB in Japan, or have a leading position in certain countries, such as UnionPay in China. See *Item 1A—Regulatory Risks—Government-imposed obligations and/or restrictions on international payments systems may prevent us from competing against providers in certain countries, including significant markets such as China and India*. 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 2022<sup>(1)</sup>:

	Visa	American Express	Diners Club / Discover	JCB	Mastercard
Payments Volume (\$B)	11,668	1,540	243	312	6,568
Total Volume (\$B) <sup>(2)</sup>	14,108	1,553	258	320	8,177
Total Transactions (B)	260	10	4	6	150
Cards (M)	4,160	133	80	153	2,713

<sup>(1)</sup> American Express, Diners Club / Discover, JCB and Mastercard data sourced from The Nilson Report issue 1241 (May 2023). Includes all consumer, small business and commercial credit, debit and prepaid cards. 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. Mastercard excludes Maestro and Cirrus figures.

<sup>(2)</sup> Total volume is the sum of payments volume and cash volume. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks.

**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 NYCE, Pulse and STAR in the U.S., Interac in Canada and eftpos in Australia.

**Alternative Payments Providers:** These providers, such as closed commerce ecosystems, BNPL solutions and cryptocurrency platforms, 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 can be both a partner and a competitor to Visa.

**Real-time Payment (RTP) Networks:** RTP networks have launched in multiple markets and continue to be driven by strong government sponsorship and regulatory initiatives to enable and drive adoption (e.g., FedNow in the U.S., PIX in Brazil and United Payments Interface (UPI) in India), increasing their position as an alternative to payment card schemes. These networks primarily focus on domestic transactions, with adoption varying by use cases and geographies. However, with linkages such as PayNow in Singapore and UPI in India, cross-border RTP networks are advancing and will compete with our cross-border business. RTP networks can compete with Visa on consumer payments and other payment flows (e.g., B2B and P2P) but can also be customers for value added services, such as risk management.

**Digital Wallet Providers:** They continue to expand payment capabilities in person and online for consumers and merchants and provide consumers with additional ways to pay. While digital wallets can help drive Visa volumes, they can also be funded by non-card payment options. Digital wallet providers who utilize RTP networks provide additional competition.

**Payment Processors:** Payment processors may perform processing services on third-party payments networks on behalf of issuers or acquirers. We compete with payment processors for the processing of Visa transactions. These processors may benefit from mandates requiring them to handle processing under local

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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.

**New Flows Providers:** We compete with alternative solutions to our new flows (e.g., Visa Direct and Visa B2B Connect) such as ACH, RTP and wires. We compete with other global and local card networks for commercial card portfolios. Additionally, we may face competition from financial institution clients who are experimenting with B2B blockchain payments.

**Value Added Service Providers:** We face competition from companies that provide alternatives to our value added services. This includes a wide range of players, such as technology companies, information services and consulting firms, governments and merchant services companies. The integration of technology like generative AI can create new and better offerings that compete with our value added services, such as strengthened risk monitorization and managing digital identification. Regulatory initiatives could also lead to increased competition in these areas.

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. We will continue to utilize our network of networks strategy to facilitate the movement of money. We believe Visa is well-positioned competitively due to our global brand, our broad set of payment products, new flows offerings 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—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, Crimea, and the Donetsk People's Republic and Luhansk People's Republic regions of Ukraine); 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 products and services.

**Government-Imposed Market Participation Restrictions:** Certain governments, including China, India, Indonesia, 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 the European Economic Area (EEA) (as discussed below); and the Reserve Bank of Australia (RBA) and the Central Bank of Brazil regulate average permissible levels of interchange.

**Internet Transactions:** Many jurisdictions have adopted regulations that require payments 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.

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**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 Banking Agencies (FBA) (formerly known as the Federal Financial Institutions Examination Council) 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 FBA 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 Consumer Financial Protection Bureau as a service provider to the banks that issue Visa-branded consumer credit and debit card products. Central banks in other countries/regions, including Canada, Europe, India, Ukraine and the UK (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 EEA and the UK.

There are a number of EU regulations that impact our business. As discussed above, the IFR regulates interchange rates within the EEA, requires Visa Europe to separate its payment card scheme activities from processing activities for accounting, organization and decision-making purposes within the EEA, and imposes limitations on network exclusivity and routing. National competent authorities in the EEA are responsible for monitoring and enforcing the IFR in their markets. We are also subject to regulations governing areas such as 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 impact consumer payment experiences. Visa Europe is also subject to supervisory oversight by the European Central Bank and certain competent authorities in Europe.

In the UK, Visa Europe is designated as a Recognized Payment System, bringing it within the scope of the Bank of England's supervisory powers and subjecting it to various requirements, including on issues such as governance and risk management designed to maintain the stability of the UK's financial system. Visa Europe is also regulated by the UK'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 UK, and ensuring payment systems take care of, and promote, the interests of service-users. Post-Brexit, the UK 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 UK.

**Corporate Responsibility and Sustainability:** Certain governments around the world are adopting laws and regulations pertaining to corporate responsibility and sustainability performance, transparency and reporting. Regulations may include mandated corporate reporting (e.g., Corporate Sustainability 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

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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 [visa.com/ourbusiness](https://www.visa.com/ourbusiness). 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 [sec.gov](https://www.sec.gov) and our investor relations website at [investor.visa.com](https://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 corporate responsibility and sustainability initiatives is also available on our website at [visa.com/esg](https://www.visa.com/esg). 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—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; and require us to make our technology or intellectual property available to third parties, including competitors, in an undesirable manner. As discussed in more detail below, we may face differing rules and regulations in matters like interchange reimbursement rates, preferred routing, domestic processing and localization 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 reduces our revenue opportunities.

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 to comply with the regulations. Our compliance programs and policies are designed to support our compliance with a wide array of regulations and laws, such as regulations regarding anti-money laundering, anti-corruption, competition, money transfer services, privacy and sanctions, and we continually adjust 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 and financial results.

#### **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 various aspects of the payments industry. See *Item 1—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. Additionally, the Dodd-Frank Act limits issuers' and our ability to adopt network exclusivity and preferred routing in the debit and prepaid area, which also impacts our business. In response to merchant requests, the Federal Reserve has recently taken actions to revisit its regulations that implement these aspects of the Dodd-Frank Act. For example, in October 2022, the Federal Reserve published a final rule effectively requiring issuers to ensure that at least two unaffiliated networks are available for routing card not present debit transactions by July 1, 2023. In October 2023, the Federal

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Reserve issued a proposal for comment which would further lower debit interchange rates, with a mechanism for automatic adjustment every two years. Separately, there continues to be interest in regulation of credit interchange fees and routing practices by members of Congress and state legislators in the U.S. In June 2023, legislation was reintroduced in the U.S. House of Representatives and Senate, which among other things, would require large issuing banks to offer a choice of at least two unaffiliated networks over which electronic credit transactions may be processed. Similar legislation was introduced in the previous Congress in 2022 but failed to advance and become law. The current legislation has additional bipartisan support, and while the ultimate outcome of the legislation remains unclear, its sponsors continue to strongly advocate for its passage.

- In Europe, 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 has announced its intention to conduct another impact assessment of the IFR, which could result in even lower caps on interchange rates and the expansion of regulation to other types of products, services and fees.
- Several countries in Latin America continue to explore regulatory measures against payments networks and have either adopted or are exploring interchange caps, including Argentina, Brazil, Chile and Costa Rica. In Asia Pacific, the Reserve Bank of Australia (RBA) completed its review of the country's payment system regulations and adopted a series of measures, which include lower interchange rates for debit transactions. The RBA also continues to assess the potential merits of mandating co-badging and merchant routing choice on dual network debit cards. In addition, the New Zealand Parliament passed legislation capping domestic interchange rates for debit and credit products. Finally, many governments, including but not limited to governments in India, Costa Rica, and Turkey, are using regulation to further drive down MDR, which could negatively affect the economics of our transactions.
- While the focus of interchange and MDR regulation has primarily been on domestic rates historically, there is increasing focus on cross-border rates in recent years. For example, in 2019, we settled certain cross-border interchange rates with the European Commission. In 2020, Costa Rica became the first country to formally regulate cross-border interchange rates by direct regulation. Cross-border MDR is also regulated in Costa Rica and Turkey. Finally, in June 2022, the UK's PSR initiated two market reviews: one focusing on post-Brexit increases in interchange rates for transactions between the UK and Europe, and another focusing on increases in the UK in what are referred to as scheme and processing fees.
- As referenced above, with increased lobbying by merchants and other industry participants, we are also beginning to see regulatory interest in network fees in the UK, Europe and Chile. In addition, industry participants in some countries like Argentina, Chile, Colombia, Dominican Republic, Paraguay, Peru and South Africa have sought intervention from competition regulators or filed claims relating to certain network rules, including Visa's restrictions on cross-border acquiring. Other countries, like New Zealand, are adopting regulations that require us to seek government pre-approval of our network rules, which could also impact the way we operate in certain markets.
- Government regulations or pressure may also impact our rules and practices and require us to allow other payments networks to support Visa products or services, to have the other network's functionality or brand marks on our products, or to share our intellectual property with other networks. 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 new flows (e.g., Visa B2B Connect) could bring increased licensing or authorization requirements in the countries where the product or capability is offered. Furthermore, certain of our businesses are regulated as payment institutions or as money transmitters, subjecting us to various licensing, supervisory, and other requirements. In addition, the EU's requirement to separate scheme and processing adds costs and impacts the execution of our commercial, innovation and product strategies.

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 preliminary attention from some regulators in other parts of the world. Similarly, new regulations involving one product offering may prompt regulators to extend

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the regulations to other product offerings. For example, credit payments could become subject to similar regulation as debit payments (or vice versa). The RBA initially capped credit interchange, but subsequently capped debit interchange as well.

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 directly impacts our revenues.

In addition, we are also subject to central bank oversight in a growing number of countries, including Brazil, India, the UK and within the EU. Some countries with existing oversight frameworks are looking to further enhance their regulatory powers while regulators in other jurisdictions are considering or adopting approaches based on these regulatory principles. 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.

Finally, policymakers and regulatory bodies in the U.S., Europe, and other parts of the world are exploring ways to reform existing competition laws to meet the needs of the digital economy, including restricting large technology companies from engaging in mergers and acquisitions, requiring them to interoperate with potential competitors, and prohibiting certain kinds of self-preferencing behaviors. While the focus of these efforts remains primarily on increasing regulation of large technology, e-commerce and social media companies, they could also have implications for other types of companies including payments networks, which could constrain our ability to effectively manage our business or potentially limit how we make our products and services available.

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

Governments in a number of jurisdictions shield domestic payments providers, including 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 impair the ability of international payments networks to compete. Public authorities may also 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 China, UnionPay remains the predominant processor of domestic payment card transactions and operates the predominant domestic acceptance mark. Although we filed an application with the People's Bank of China (PBOC) in May 2020 to operate a Bank Card Clearing Institution (BCCI) in China, the timing and the procedural steps for approval remain uncertain. 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. Co-badging and co-residency regulations also pose additional challenges in markets where Visa competes with national networks for issuance and routing. 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 Visa or other international payments networks. The PBOC is contemplating that dual-branded cards 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 should we obtain a BCCI license. However, notwithstanding such efforts, the phase out of dual-branded cards have decreased our payment volumes and impacted the revenue we generate in China.

UnionPay has grown rapidly in China and is actively pursuing international expansion plans, which could potentially lead to regulatory pressures on our international routing rule (which requires that international

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transactions on Visa cards be routed over VisaNet). Furthermore, although regulatory barriers shield UnionPay from competition in China, alternative payments 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.

Regulatory initiatives in India, including a data localization mandate passed by the government that suggest growing nationalistic priorities, has cost implications for us and could affect our ability to effectively compete with domestic payments 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 (EPI). While EPI subsequently announced a focus on account-to-account instant payments across a range of use cases, it is noteworthy that the purported motivation behind EPI is to reduce the risks of disintermediation of European providers 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 (e.g., Malaysia), have adopted 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 have intensified any or all of these activities, which could adversely affect our business. For example, in the aftermath of U.S. and European sanctions against Russia and the decision by U.S. payments networks, including Visa to suspend operations in the country, some countries have expressed concerns about their reliance on U.S. financial services companies, including payments networks, and have taken steps to bolster the development of domestic solutions. Separately, Russia has called for the BRICS countries (a five-country bloc made up of Brazil, Russia, India, China and South Africa, and which recently extended invitations to Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates), to lessen dependence on Western payments systems by, among other things, integrating payments systems and cards across member countries.

Central banks in a number of countries, including those in Argentina, Australia, Canada, Brazil, Europe and Mexico, are in the process of developing or expanding national RTP networks and instant payment solutions with the goal of driving a greater number of domestic transactions onto these systems. In July 2023, the U.S. Federal Reserve launched its FedNow Service with core clearing and settlement functionality, and expects to add more features and enhancements over time. Some countries are also exploring cross-border connectivity of their respective RTP systems. Finally, 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.

Due to our inability to manage the end-to-end processing of transactions for cards in certain countries (e.g., Thailand), we depend on our close working relationships with our clients or third-party service providers 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. 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 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 we are subject to an increasing number of privacy and data protection requirements around the world. For example, our ongoing efforts to comply with complex U.S. state privacy and data protection regulations, and emerging international privacy and data protection laws, may increase the complexity of our compliance operations, entail substantial expenses, divert resources from other initiatives and projects, and limit the services we are able to offer.

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Additionally, privacy laws in other regions, such as China's Personal Information Protection Law and India's Personal Data Protection Act, have extraterritorial application and include restrictions on processing sensitive data, extensive notification requirements, and substantial compliance and audit obligations. The global proliferation of new privacy and data protection laws may lead to inconsistent and conflicting requirements, which create an uncertain regulatory environment. Noncompliance could also result in regulatory penalties and significant legal liability. Enforcement actions and investigations by regulatory authorities into companies related to data security incidents and privacy violations are generally increasing. In Europe, data protection authorities continue to apply and enforce the General Data Protection (GDPR), imposing record setting fines.

We are also subject to a variety of laws and regulations governing the development, use, and deployment of AI technologies. These laws and regulations are still evolving, and there is no single global regulatory framework for AI. The market is still assessing how regulators may apply existing consumer protection and other laws in the context of AI. There is thus uncertainty on what new laws will look like and how existing laws will apply to our development, use, and deployment of AI. In the midst of this uncertainty, we may face challenges due to the complexity and rapidly changing nature of AI technology and applicable laws. Our use of AI and machine learning is subject to various risks at each stage of use. In the context of AI development, risks relate to intellectual property considerations, the use of personal information, and flaws in algorithms or datasets used for training. In the context of use and deployment, risks include ethical considerations regarding the outputs, and our ability to safely deploy AI throughout the organization. Our development and implementation of governance frameworks for our AI and machine learning systems may not be successful in mitigating all of these emerging risks.

### **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 Organization for Economic Cooperation and Development's Program 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* of this report.

### **Litigation Risks**

#### **We may be adversely affected by the outcome of litigation or investigations.**

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* of this report. These actions are inherently uncertain, expensive and disruptive to our operations. In the event we are found liable or reach a settlement in any 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* of this report, we have certain financial protections pursuant to the respective

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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 and consumer expectations change, new competitors or methods of payment emerge, and existing clients and competitors assume different roles. Our products compete with cash, checks, electronic payments, virtual currency payments, global or multi-regional networks, other domestic and closed-loop payments systems, digital wallets and alternative payments 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 and India) as discussed above, that are developing, supporting and/or operating national schemes, RTP networks and other payment platforms.

Our competitors may acquire, develop, or make better use of 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 RTP 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. In addition to the open banking provisions under PSD2, efforts to implement or facilitate open banking and open finance requirements are underway across a number of countries, including Australia, Brazil, Canada and the U.S., which could impose additional requirements on financial institutions or others regarding access to and use of financial data. 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

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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.

- Many countries or regions are developing or promoting domestic networks, switches and RTP systems (e.g., U.S., Brazil, India and Europe) and in some countries the government itself owns and operates these RTP systems (e.g., Brazil). 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 some regions (Latin America, Southeast Asia and the Middle East), including 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. Similarly, India has expressed interest in expanding its digital public infrastructure, which includes its RTP system, UPI, outside the country and for cross-border payments. Currently, international payment networks like Visa are unable to participate in UPI.
- 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.
- 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* of this report.

In addition, we face intense competitive pressure on the prices we charge our financial institution clients. In certain regions, we are increasingly facing competition from RTP networks and other payment facilitators offering lower pricing, as well as initiatives to lower costs, such as the G20 Roadmap for Enhancing Cross-border Payments. 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,

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performance-based incentives, marketing and other support payments that impact our revenues and profitability. In addition, we offer incentives to certain merchants and 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 or their agents 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 acceptance costs paid by merchants to acquirers or their agents to accept payment products or services, by lobbying for new legislation, seeking regulatory intervention, filing lawsuits and in some cases, surcharging or 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, many merchants have advocated for lower acceptance costs in the form of reduced interchange rates, which could result in some issuers eliminating or reducing their promotion or use of Visa's products and services, eliminating or reducing cardholder benefits such as rewards programs, or charging account holders increased or new fees for using Visa-branded products, all of which could negatively impact Visa's transaction volumes and related revenues. Finally, 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 and decrease our overall transaction volumes and fee revenues, lead to regulatory enforcement and/or litigation that increases our compliance and litigation expenses, and ultimately 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 provide incentives to merchants, acquirers, ecommerce platforms and processors 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 their 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 as well as government actions that mandate other networks to process Visa-branded card transactions may have the potential to cause brand disintermediation at the point of sale, in ecommerce and mobile channels, and decrease the presence of our brand. Our brand reputation may also be negatively impacted by a number of factors, including authorization, clearing and settlement service disruptions; data security breaches; compliance failures by Visa, including by our employees, agents, clients, partners or suppliers; failure to meet expectations of our clients, consumers, or other stakeholders; negative perception of our industry, the industries of our clients, Visa-accepting merchants, or our clients' customers and agents, 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, or illegal activities using our payment products or services, and which we may not always be in a position to detect and/or prevent from occurring over our network. Our brand could also be negatively impacted when our products are used to facilitate payment for legal, but controversial, products and services, including, but not limited to, adult content, cryptocurrencies, firearms and gambling activities. Additionally, these risks could be exacerbated if our financial institution partners and/or merchants fail to maintain necessary controls to ensure the legality of these transactions, if any legal liability associated with such goods or services is extended to ancillary participants in the value chain like payments networks, or if our network and industry become entangled in political or social debates concerning such legal, but controversial, commerce. 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, employees, prospective employees, governments and the public, as well as impact our business.

**Global economic, political, market, health and social events or conditions 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 economic, political, market, health and social events or conditions. Adverse macroeconomic conditions within the U.S. or internationally, including but not limited to recessions, inflation, rising interest rates, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, rising energy prices, or a slowdown of global trade, and reduced consumer, small business, government, and corporate spending, have a direct impact on our volumes, transactions and revenues. Furthermore, in efforts to deal with adverse macroeconomic conditions, governments may introduce new or additional initiatives or requests to reduce or eliminate payment fees or other costs. In an overall soft global economy, such pricing measures could result in additional financial pressures on our business.

In addition, outbreaks of illnesses, pandemics like COVID-19, or other local or global health issues, political uncertainties, international hostilities, armed conflicts, wars, civil unrest, climate-related events, including the increasing frequency of extreme weather events, impacts to the power grid, and natural disasters have to varying degrees negatively impacted our operations, clients, third-party suppliers, activities, and cross-border travel and spend. Although the World Health Organization and the federal government declared an end to COVID-19 as a global and national health emergency, respectively, risks related to COVID-19 have adversely affected and may continue to adversely affect our business, results of operations, cash flows and financial condition. The ongoing effects of the COVID-19 pandemic remain difficult to predict due to numerous uncertainties, including the resumption of international travel, and the indirect impact of the pandemic on global economic activity. In addition, a number of countries took steps during the pandemic to temporarily cap interchange or other fees on electronic payments as part of their COVID-19 economic relief measures. While most have been rescinded or have expired, it

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is possible that proponents of interchange and/or MDR regulation may try to position government intervention as necessary to support potential future economic relief initiatives.

Geopolitical trends towards nationalism, protectionism, and restrictive visa requirements, as well as continued activity and uncertainty around economic sanctions, tariffs or trade restrictions also limit the expansion of our business in certain regions and have resulted in us suspending our operations in other regions. During fiscal 2022, economic sanctions were imposed on Russia by the U.S., European Union, United Kingdom and other jurisdictions and authorities, impacting Visa and its clients. In March 2022, we suspended our operations in Russia and as a result, are no longer generating revenue from domestic and cross-border activities related to Russia. For fiscal 2022 and 2021, total net revenues from Russia, including revenues driven by domestic as well as cross-border activities, were approximately 2% and 4% of our consolidated net revenues, respectively. The war in Ukraine and any further actions by, or in response to such actions by, Russia or its allies could have lasting impacts on Ukraine as well as other regional and global economies, any or all of which could adversely affect our business.

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, and impact overall consumption by consumers and businesses, which would ultimately impact our revenues. Our clients may 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.

Finally, as governments, investors and other stakeholders face additional pressures to accelerate actions to address climate change and other environmental, governance and social topics, governments are implementing regulations and investors and other stakeholders are imposing new expectations or focusing investments in ways that may 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 would impact our cross-border volumes, the number of cross-border transactions we process and our currency exchange activities, which in turn would reduce our international transaction revenues.

**Our aspirations to address corporate responsibility and sustainability (CRS) matters and considerations could adversely affect our business and financial results or negatively impact our reputation.**

We are subject to laws, regulations and other measures that govern a wide range of topics, including those that are related to matters beyond our core products and services, such as matters that touch upon sustainability, climate change, human capital, inclusion and diversity, and human rights. A wide range of stakeholders, including governments, customers, employees, and investors are increasingly focused on and are developing expectations regarding these corporate responsibility matters. We have established CRS-related initiatives, adopted reporting frameworks, and announced several related goals. These goals may change from time to time, implementation of these goals may require considerable investments, and ultimately, we cannot guarantee that we will achieve them.

Our ability to achieve any CRS objectives is subject to numerous risks, many of which are outside of our control, including the evolving legal environment and regulatory requirements for the tracking and reporting of CRS standards or disclosures and the actions of suppliers, partners, and other third parties. Certain of our regulators have proposed or adopted, or may propose or adopt, rules or standards related to these matters that would apply to our business. Prevailing CRS standards and expectations may also reflect conflicting values or objectives, which can result in our practices being judged by standards that are continually evolving and are not always clear. From time to time, the methodologies for reporting our CRS data may be updated and previously reported data may be adjusted to reflect an improvement in the availability and quality of data, changing assumptions, changes in the nature and scope of our operations, and other changes in circumstances. This may result in a lack of consistent or meaningful comparative data from period to period or between us and other companies in the same industry. Further, where new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations.

Our stakeholders often hold differing views on our CRS-related goals and initiatives, which may result in negative attention in traditional and social media or a negative perception of our response to concerns regarding these matters. In addition, we also face potentially conflicting supervisory directives as certain U.S. regulatory and non-U.S. authorities have prioritized CRS-related issues while Congress and certain U.S. state governments have signaled pursuing potentially conflicting priorities. These circumstances, among others, may result in pressure from

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investors, unfavorable reputational impacts, including inaccurate perceptions or a misrepresentation of our actual CRS practices, diversion of management's attention and resources, and proxy fights, among other material adverse impacts on our businesses. Any failure, or perceived failure, by us to adhere to our public statements, comply fully with developing interpretations of CRS laws and regulations, or meet evolving and varied stakeholder expectations and standards could negatively impact our business, reputation, financial condition, and operating results.

### **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. Changes in the credit standing of our clients or concurrent settlement failures or insolvencies involving more than one of our largest clients, several of our smaller clients, significant sponsor banks through which non-financial institutions participate in the Visa network, or systemic operational failures could expose us to liquidity risk, and 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* 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 increased proliferation of mobile and other proximity and in-app payment technologies, e-commerce, tokenization, cryptocurrencies, distributed ledger and blockchain technologies, cloud-based encryption and authorization, and new authentication technologies such as biometrics, FIDO 2.0, 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 new flows offerings. For example, in the past year generative AI solutions have emerged as an opportunity for Visa, its clients, suppliers, merchants, and partners to innovate more quickly and better serve consumers. Rapid adoption and novel uses of generative AI across the marketplace may also introduce unique and unpredictable security risks to our systems, information, and the payments ecosystem. 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, implement design changes or discontinue our use. 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 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, ransomware, 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, shipping delays, and service disruption due to cyber-attacks. An extended supply chain or service disruption could also impact processing or delivery of technology services.

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Furthermore, our visibility and role in the global payments industry also puts 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, and third-party service providers. 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. Given the increase in online banking, ecommerce and other online activity, as well as more employees working remotely as a result of the COVID-19 pandemic, we continue to see increased cyber and payment fraud activity, as cybercriminals attempt DDoS related attacks, phishing and social engineering scams and other disruptive actions. Overall, such attacks and breaches have resulted, and may continue to result in, fraudulent activity and ultimately, financial losses to Visa's clients.

Numerous and evolving cybersecurity threats, including advanced and persistent cyber-attacks, targeted attacks against our employees and trusted partners (i.e., insider threats), synthetic media threats such as phishing, deepfake or 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 tactics, techniques and procedures 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. For example, cybercriminals have increasingly demonstrated advanced capabilities, such as use of zero-day vulnerabilities, and rapid integration of new technology such as generative AI. 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. Despite our security measures and programs to protect our systems and data, and prevent, detect and respond to data security incidents, there can be no assurance that our efforts will prevent these threats.

In addition, as a global financial services company, Visa is increasingly subject to complex and varied cybersecurity regulations and cyber incident reporting requirements across numerous jurisdictions. With the often short timeframes required for cyber incident reporting, there is a risk that Visa or its suppliers will fail to meet the reporting deadlines for any given incident. In the event we are found to be out of compliance, we could be subject to monetary damages, civil and criminal penalties, litigation, investigations and proceedings, and damage to our reputation and brand.

Any of 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, joint ventures 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, and enter into joint ventures. We may not achieve the anticipated benefits of our current and future acquisitions, joint ventures or 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;

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- greater than expected investment of resources or operating expenses;
- failure to adequately develop or integrate our acquired entities or joint ventures;
- the data security, cybersecurity and operational resilience posture of our acquired entities, joint ventures 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 our acquired entities or joint ventures;
- challenges of integrating new employees, business cultures, business systems and technologies;
- failure to retain employees, clients or partners of our acquired entities or joint ventures;
- 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 our acquisitions, joint ventures or strategic investments;
- the inability to pursue aspects of our acquisitions or joint ventures 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 our acquisitions, joint ventures or strategic investments, including when entering into a new business or operating in new regions or countries. For more information on regulatory risks, please see *Item 1—Government Regulations* and *Item 1A—Regulatory Risks* above;
- discovery of unidentified issues and related liabilities after our acquisitions, joint ventures or investments were made;
- failure to mitigate the deficiencies and liabilities of our acquired entities or joint ventures;
- 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 our acquisitions, joint ventures or investments not materializing or taking longer than expected to materialize.

In addition, we may pursue additional strategic objectives, such as the potential exchange offer program, which can divert resources and management's attention from our existing business and, if unsuccessful, may harm our business and reputation.

### **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, cybersecurity 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, hire or retain 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, travel 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, hire and retain qualified employees. Failure to attract, hire, develop, motivate and retain highly qualified and diverse employee talent, especially in light of changing worker expectations and talent marketplace variability regarding flexible work models; to meet our goals related to fostering an inclusive and

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diverse culture or to adequately address potential increased scrutiny of our inclusion and diversity-related programs and initiatives; to develop and implement an adequate succession plan for the management team; to maintain our strong corporate culture of fostering innovation, collaboration and inclusion in our current hybrid model; or to design and successfully implement flexible work models that meet the expectations of employees and prospective employees could impact our workforce development goals, impact our ability to achieve our business objectives, and adversely affect our business and our future success.

**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 adversely 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. Under our Europe retrospective responsibility plan, 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. 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). 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 would dilute the voting power of existing class A common stockholders. In addition, the sale of significant portions of converted class A common stock could adversely impact the market price of our existing class A common stock.

**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, such as the proposed certificate of incorporation amendments. Please see *Item 7* of this report for more information regarding the potential exchange offer program. 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

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- only our board of directors, Chairperson, 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.

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**ITEM 1B. Unresolved Staff Comments**

Not applicable.

**ITEM 2. Properties**

As of September 30, 2023, we owned or leased 144 office locations in 82 countries around the world, including four data centers located in the U.S., the United Kingdom and Singapore. 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* 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”. As of November 8, 2023, we had 316 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 brokers and other financial institutions on behalf of our stockholders. There is currently no established public trading market for our class B or C common stock. As of November 8, 2023, there were 1,106 and 381 holders of record of our class B and C common stock, respectively.

On October 24, 2023, our board of directors declared a quarterly cash dividend of \$0.52 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 1, 2023, to holders of record as of November 9, 2023.

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, 2023:

Period	Total Number of Shares Purchased	Average Purchase Price per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1),(2)</sup>
(in millions, except per share data)				
July 1-31, 2023	3	\$ 240.62	3	\$ 8,215
August 1-31, 2023	7	\$ 243.29	7	\$ 6,473
September 1-30, 2023	7	\$ 238.94	7	\$ 4,733
<b>Total</b>	<b>17</b>	<b>\$ 241.03</b>	<b>17</b>	

<sup>(1)</sup> Includes applicable taxes.

<sup>(2)</sup> The figures in the table reflect transactions according to the trade dates. For purposes of our consolidated financial statements included in this report, 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* of this report for further discussion on our share repurchase programs.

**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 or 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* of this report.

This section of the report generally discusses fiscal 2023 compared to fiscal 2022. Discussions of fiscal 2022 compared to 2021 that are not included in this report can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 in our Annual Report on Form 10-K for the year ended September 30, 2022, filed with the United States Securities and Exchange Commission.

**Overview**

Visa is a global payments technology company that facilitates global commerce and money movement across more than 200 countries and territories among a global set of consumers, merchants, financial institutions and government entities through innovative technologies. We provide transaction processing services (primarily authorization, clearing and settlement) to our financial institution and merchant clients through VisaNet, our proprietary advanced transaction processing network. We offer products, solutions and services 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 is as follows:

	For the Years Ended September 30,			% Change <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(In millions, except percentages and per share data)				
Net revenues	\$ 32,653	\$ 29,310	\$ 24,105	11 %	22 %
Operating expenses	\$ 11,653	\$ 10,497	\$ 8,301	11 %	26 %
Net income	\$ 17,273	\$ 14,957	\$ 12,311	15 %	21 %
Diluted earnings per share	\$ 8.28	\$ 7.00	\$ 5.63	18 %	24 %
Non-GAAP operating expenses <sup>(2)</sup>	\$ 10,481	\$ 9,387	\$ 8,077	12 %	16 %
Non-GAAP net income <sup>(2)</sup>	\$ 18,280	\$ 16,034	\$ 12,933	14 %	24 %
Non-GAAP diluted earnings per share <sup>(2)</sup>	\$ 8.77	\$ 7.50	\$ 5.91	17 %	27 %

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

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

*Disruption in the Banking Sector.* During fiscal 2023, certain U.S. banks failed, which caused volatility in the global financial markets. These events did not have an impact on our operating results. We continuously monitor and manage balance sheet and operational risks from clients in our portfolio, including their settlement obligations.

*Russia & Ukraine.* During fiscal 2022, economic sanctions were imposed on Russia by the U.S., European Union, United Kingdom and other jurisdictions and authorities, impacting Visa and its clients. In March 2022, we suspended our operations in Russia and as a result, are no longer generating revenue from domestic and cross-border activities related to Russia. For fiscal 2022 and 2021, total net revenues from Russia, including revenues driven by domestic as well as cross-border activities, were approximately 2% and 4% of our consolidated net revenues, respectively.

The continuing effects of the liquidity issues at certain financial institutions and the war in Ukraine are difficult to predict due to numerous uncertainties identified in *Part I, Item 1A* of this report. We will continue to evaluate the nature and extent of the impact to our business.

*Highlights for fiscal 2023.* Net revenues increased 11% over the prior year, primarily due to the year-over-year growth in nominal cross-border volume, processed transactions and nominal payments volume, partially offset by

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higher client incentives. Exchange rate movements lowered our net revenues growth by approximately one-and-a-half percentage points.

GAAP operating expenses increased 11% over the prior year, primarily driven by higher expenses related to personnel. See *Results of Operations—Operating Expenses* below for further discussion. Non-GAAP operating expenses increased 12% over the prior year, primarily driven by higher expenses related to personnel.

*Pending acquisition.* In June 2023, we entered into a definitive agreement to acquire Pismo Holdings (Pismo), a cloud-native issuer processing and core banking platform with operations in Latin America, Asia Pacific and Europe, for \$1.0 billion in cash. This acquisition is subject to customary closing conditions, including applicable regulatory reviews and approvals.

*Interchange multidistrict litigation.* During fiscal 2023, we recorded additional accruals of \$906 million to address claims associated with the interchange multidistrict litigation. We also made deposits of \$1.0 billion into the U.S. litigation escrow account. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8* of this report.

*Potential exchange offer program.* In September 2023, we announced that we are engaging with our common stockholders on the subject of potential amendments to our certificate of incorporation that would authorize Visa to conduct an exchange offer program that would have the effect of releasing transfer restrictions on portions of our class B common stock prior to the final resolution of the U.S. covered litigation. See our current report on Form 8-K filed with the SEC on September 13, 2023.

*Common stock repurchases.* In October 2022, our board of directors authorized a \$12.0 billion share repurchase program. During fiscal 2023, we repurchased 55 million shares of our class A common stock in the open market for \$12.2 billion. As of September 30, 2023, our share repurchase program had remaining authorized funds of \$5.0 billion. In October 2023, our board of directors authorized a new \$25.0 billion share repurchase program, providing multi-year flexibility. See *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8* of this report.

*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 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 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. These costs also include 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 as the expenses are recognized for a limited duration and do not reflect the underlying performance of our business.

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- *Litigation provision.* We recorded additional accruals to address claims associated with the interchange multidistrict litigation. Under the U.S. retrospective responsibility plan, we recover the monetary liabilities related to the U.S. covered litigation through a downward adjustment to the rate at which shares of our class B common stock ultimately convert into shares of class A common stock. For fiscal 2023 and 2022, basic earnings per class A common stock was unchanged and increased \$0.01, respectively, as a result of the downward adjustments of the class B common stock conversion rate during the fiscal years. For fiscal 2023 and 2022, diluted earnings per class A common stock remained unchanged. See Note 5—U.S. and Europe Retrospective Responsibility Plans and Note 20—Legal Matters to our consolidated financial statements included in Item 8 of this report.
- *Russia-Ukraine charges.* We recorded a loss within general and administrative expense from the deconsolidation of our Russian subsidiary and also incurred charges in personnel expense as a result of steps taken to support our employees in Russia and Ukraine. We have excluded these amounts as they are one-time charges and do not reflect the underlying performance of our business.
- *Remeasurement of deferred tax balances.* In connection with the UK enacted legislation on June 10, 2021 that increased 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.
- *Indirect taxes.* We recognized a one-time charge within general and administrative expense 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.

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, 2023					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>	Net Income	Diluted Earnings Per Share <sup>(2)</sup>
	(in millions, except percentages and per share data)					
As reported	\$ 11,653	\$ 37	\$ 3,764	17.9 %	\$ 17,273	\$ 8.28
(Gains) losses on equity investments, net	—	104	23		81	0.04
Amortization of acquired intangible assets	(176)	—	38		138	0.07
Acquisition-related costs	(90)	—	7		83	0.04
Litigation provision	(906)	—	201		705	0.34
Non-GAAP	<u>\$ 10,481</u>	<u>\$ 141</u>	<u>\$ 4,033</u>	18.1 %	<u>\$ 18,280</u>	<u>\$ 8.77</u>

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**For the Year Ended  
September 30, 2022**

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>	Net Income	Diluted Earnings Per Share <sup>(2)</sup>
(in millions, except percentages and per share data)						
As reported	\$ 10,497	\$ (677)	\$ 3,179	17.5 %	\$ 14,957	\$ 7.00
(Gains) losses on equity investments, net	—	264	67		197	0.09
Amortization of acquired intangible assets	(120)	—	26		94	0.04
Acquisition-related costs	(69)	—	9		60	0.03
Litigation provision	(861)	—	191		670	0.31
Russia-Ukraine charges	(60)	—	4		56	0.03
<b>Non-GAAP</b>	<b>\$ 9,387</b>	<b>\$ (413)</b>	<b>\$ 3,476</b>	<b>17.8 %</b>	<b>\$ 16,034</b>	<b>\$ 7.50</b>

**For the Year Ended  
September 30, 2021**

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>	Net Income	Diluted Earnings Per Share <sup>(2)</sup>
(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
<b>Non-GAAP</b>	<b>\$ 8,077</b>	<b>\$ (453)</b>	<b>\$ 2,642</b>	<b>17.0 %</b>	<b>\$ 12,933</b>	<b>\$ 5.91</b>

<sup>(1)</sup> Determined by applying applicable tax rates.

<sup>(2)</sup> 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.

*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/foreign 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.

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The following tables present nominal payments and cash volume:

	U.S.			International			Visa Inc.		
	Twelve Months Ended June 30, <sup>(1)</sup>			Twelve Months Ended June 30, <sup>(1)</sup>			Twelve Months Ended June 30, <sup>(1)</sup>		
	2023	2022	% Change <sup>(2)</sup>	2023	2022	% Change <sup>(2)</sup>	2023	2022	% Change <sup>(2)</sup>
(in billions, except percentages)									
<b>Nominal payments volume</b>									
Consumer credit	\$ 2,230	\$ 2,047	9 %	\$ 2,810	\$ 2,695	4 %	\$ 5,040	\$ 4,742	6 %
Consumer debit <sup>(3)</sup>	2,822	2,619	8 %	2,668	2,728	(2 %)	5,490	5,346	3 %
Commercial <sup>(4)</sup>	993	882	13 %	551	500	10 %	1,544	1,382	12 %
<b>Total nominal payments volume<sup>(2)</sup></b>	<b>\$ 6,045</b>	<b>\$ 5,548</b>	<b>9 %</b>	<b>\$ 6,029</b>	<b>\$ 5,922</b>	<b>2 %</b>	<b>\$ 12,074</b>	<b>\$ 11,470</b>	<b>5 %</b>
Cash volume <sup>(5)</sup>	608	631	(4 %)	1,844	1,929	(4 %)	2,453	2,560	(4 %)
<b>Total nominal volume<sup>(2),(6)</sup></b>	<b>\$ 6,653</b>	<b>\$ 6,179</b>	<b>8 %</b>	<b>\$ 7,873</b>	<b>\$ 7,851</b>	<b>— %</b>	<b>\$ 14,526</b>	<b>\$ 14,030</b>	<b>4 %</b>

	U.S.			International			Visa Inc.		
	Twelve Months Ended June 30, <sup>(1)</sup>			Twelve Months Ended June 30, <sup>(1)</sup>			Twelve Months Ended June 30, <sup>(1)</sup>		
	2022	2021	% Change <sup>(2)</sup>	2022	2021	% Change <sup>(2)</sup>	2022	2021	% Change <sup>(2)</sup>
(in billions, except percentages)									
<b>Nominal payments volume</b>									
Consumer credit	\$ 2,047	\$ 1,641	25 %	\$ 2,695	\$ 2,398	12 %	\$ 4,742	\$ 4,039	17 %
Consumer debit <sup>(3)</sup>	2,619	2,388	10 %	2,728	2,443	12 %	5,346	4,830	11 %
Commercial <sup>(4)</sup>	882	696	27 %	500	407	23 %	1,382	1,104	25 %
<b>Total nominal payments volume<sup>(2)</sup></b>	<b>\$ 5,548</b>	<b>\$ 4,725</b>	<b>17 %</b>	<b>\$ 5,922</b>	<b>\$ 5,248</b>	<b>13 %</b>	<b>\$ 11,470</b>	<b>\$ 9,973</b>	<b>15 %</b>
Cash volume <sup>(5)</sup>	631	635	(1 %)	1,929	1,925	— %	2,560	2,559	— %
<b>Total nominal volume<sup>(2),(6)</sup></b>	<b>\$ 6,179</b>	<b>\$ 5,360</b>	<b>15 %</b>	<b>\$ 7,851</b>	<b>\$ 7,172</b>	<b>9 %</b>	<b>\$ 14,030</b>	<b>\$ 12,532</b>	<b>12 %</b>

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

	International				Visa Inc.			
	Twelve Months Ended June 30, 2023 vs 2022 <sup>(1),(2)</sup>		Twelve Months Ended June 30, 2022 vs 2021 <sup>(1),(2)</sup>		Twelve Months Ended June 30, 2023 vs 2022 <sup>(1),(2)</sup>		Twelve Months Ended June 30, 2022 vs 2021 <sup>(1),(2)</sup>	
	Nominal	Constant <sup>(7)</sup>	Nominal	Constant <sup>(7)</sup>	Nominal	Constant <sup>(7)</sup>	Nominal	Constant <sup>(7)</sup>
<b>Payments volume growth</b>								
Consumer credit growth	4 %	13 %	12 %	15 %	0 %	11 %	17 %	19 %
Consumer debit growth <sup>(3)</sup>	(2 %)	4 %	12 %	15 %	3 %	6 %	11 %	12 %
Commercial growth <sup>(4)</sup>	10 %	20 %	23 %	27 %	12 %	15 %	25 %	27 %
<b>Total payments volume growth</b>	<b>2 %</b>	<b>9 %</b>	<b>13 %</b>	<b>16 %</b>	<b>5 %</b>	<b>9 %</b>	<b>15 %</b>	<b>17 %</b>
Cash volume growth <sup>(5)</sup>	(4 %)	1 %	— %	4 %	(4 %)	— %	— %	3 %
<b>Total volume growth</b>	<b>— %</b>	<b>7 %</b>	<b>9 %</b>	<b>13 %</b>	<b>4 %</b>	<b>7 %</b>	<b>12 %</b>	<b>14 %</b>

<sup>(1)</sup> Service revenues in a given quarter are primarily assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the twelve months ended September 30, 2023, 2022 and 2021, were based on nominal payments volume reported by our financial institution clients for the twelve months ended June 30, 2023, 2022 and 2021, respectively. On occasion, previously presented volume information may be updated. Prior period updates are not material.

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

<sup>(3)</sup> Includes consumer prepaid volume and Interlink volume.

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

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

<sup>(6)</sup> 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.

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

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The following table presents the number of processed transactions:

	For the Years Ended September 30,			% Change <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(in millions, except percentages)				
Visa processed transactions	212,579	192,530	164,734	10 %	17 %

<sup>(1)</sup> 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* 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 <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(in millions, except percentages)				
U.S.	\$ 14,138	\$ 12,851	\$ 11,160	10 %	15 %
International	18,515	16,459	12,945	12 %	27 %
<b>Net revenues</b>	<b>\$ 32,653</b>	<b>\$ 29,310</b>	<b>\$ 24,105</b>	<b>11 %</b>	<b>22 %</b>

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

Net revenues increased in fiscal 2023 primarily due to the year-over-year growth in nominal cross-border volume, processed transactions and nominal payments volume, 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 2023, exchange rate movements lowered our net revenues growth by approximately one-and-a-half percentage points.

The following table presents the components of our net revenues:

	For the Years Ended September 30,			% Change <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(in millions, except percentages)				
Service revenues	\$ 14,826	\$ 13,361	\$ 11,475	11 %	16 %
Data processing revenues	16,007	14,438	12,792	11 %	13 %
International transaction revenues	11,638	9,815	6,530	19 %	50 %
Other revenues	2,479	1,991	1,675	24 %	19 %
Client incentives	(12,297)	(10,295)	(8,367)	19 %	23 %
<b>Net revenues</b>	<b>\$ 32,653</b>	<b>\$ 29,310</b>	<b>\$ 24,105</b>	<b>11 %</b>	<b>22 %</b>

<sup>(1)</sup> 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 5% growth in nominal payments volume and due to business mix. Service revenues increased over the prior-year comparable fiscal year despite the impact of our suspension of operations in Russia.

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- *Data processing revenues* increased primarily due to 10% growth in processed transactions, select pricing modifications and growth in value added services. Data processing revenues increased over the prior-year comparable fiscal year despite the impact of our suspension of operations in Russia.
- *International transaction revenues* increased primarily due to growth in nominal cross-border volumes of 23%, excluding transactions within Europe, and select pricing modifications, partially offset by business mix and lower volatility of a broad range of currencies.
- *Other revenues* increased primarily due to growth in marketing and consulting services and select pricing modifications.
- *Client incentives* increased primarily due to growth in payments volume during fiscal 2023. 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 and contractor expenses.
- *Marketing expenses* include expenses associated with advertising and marketing campaigns, sponsorships and other related promotions of the Visa brand and client marketing.
- *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 legal, consulting and other professional services.
- *Depreciation and amortization expenses* include amortization of internally developed and purchased software, depreciation expense for property and equipment and amortization of finite-lived intangible assets primarily obtained through acquisitions.
- *General and administrative expenses* consist mainly of card benefits such as costs associated with airport lounge access, extended cardholder protection and concierge services, facilities costs, travel and meeting costs, indirect taxes, foreign exchange gains and losses and other corporate expenses incurred in support of our business.
- *Litigation provision* represents litigation expenses and is an estimate based on management's understanding of our litigation profile, the specifics of each case, advice of counsel to the extent appropriate and management's best estimate of incurred loss.

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

	For the Years Ended September 30,			% Change <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(in millions, except percentages)				
Personnel	\$ 5,831	\$ 4,990	\$ 4,240	17 %	18 %
Marketing	1,341	1,336	1,136	— %	18 %
Network and processing	736	743	730	(1 %)	2 %
Professional fees	545	505	403	8 %	25 %
Depreciation and amortization	943	861	804	9 %	7 %
General and administrative	1,330	1,194	985	11 %	21 %
Litigation provision	927	868	3	7 %	NM
<b>Total operating expenses<sup>(2)</sup></b>	<b>\$ 11,653</b>	<b>\$ 10,497</b>	<b>\$ 8,301</b>	<b>11 %</b>	<b>26 %</b>

NM - Not meaningful

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

<sup>(2)</sup> Operating expenses include significant items that we do not believe are indicative of our operating performance. See *Overview* within this *Item 7*.

- *Personnel expenses* increased primarily due to higher number of employees and compensation, reflecting our strategy to invest in future growth, including acquisitions.
- *Depreciation and amortization expenses* increased primarily due to additional depreciation and amortization from our on-going investments and acquisitions.
- *General and administrative expenses* increased due to unfavorable foreign currency fluctuations, higher usage of travel related card benefits and travel expenses, partially offset by the absence of expenses as a result of the suspension of our operations in Russia.
- *Litigation provision* increased primarily due to higher accruals related to the U.S. covered litigation. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* included in *Item 8* of this report.

**Non-operating Income (Expense)**

Non-operating income (expense) primarily includes interest expense related to borrowings, gains and losses on investments and derivative instruments, interest expense from tax liabilities, 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 <sup>(1)</sup>	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
	(in millions, except percentages)				
Interest expense	\$ (644)	\$ (538)	\$ (513)	20 %	5 %
Investment income (expense) and other	681	(139)	772	(592 %)	(118 %)
<b>Total non-operating income (expense)</b>	<b>\$ 37</b>	<b>\$ (677)</b>	<b>\$ 259</b>	<b>(105 %)</b>	<b>(361 %)</b>

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

- *Interest expense* increased primarily due to losses from derivative instruments, partially offset by lower interest related to indirect taxes and lower outstanding debt. See *Note 10—Debt* and *Note 13—Derivative and Hedging Instruments* to our consolidated financial statements included in *Item 8* of this report.

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- *Investment income (expense) and other* increased primarily due to higher interest income on our cash and investments and lower losses on our investments. See Note 6—*Fair Value Measurements and Investments* to our consolidated financial statements included in Item 8 of this report.

### Effective Income Tax Rate

The following table presents our effective income tax rates:

	For the Years Ended September 30,		
	2023	2022	2021
Effective income tax rate	18 %	18 %	23 %

The effective income tax rates in fiscal 2023 and fiscal 2022 were 18% including the following:

- during fiscal 2023, a \$142 million tax benefit related to prior years due to the reassessment of an uncertain tax position as a result of new information obtained during an ongoing tax examination; and
- during fiscal 2022, a \$176 million tax benefit related to prior years due to a decrease in the state apportionment ratio as a result of a tax position taken related to a ruling.

### Liquidity and Capital Resources

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 Years Ended September 30,		
	2023	2022	2021
(in millions)			
Total cash provided by (used in):			
Operating activities	\$ 20,755	\$ 18,849	\$ 15,227
Investing activities	\$ (2,006)	\$ (4,288)	\$ (152)
Financing activities	\$ (17,772)	\$ (12,696)	\$ (14,410)

*Operating activities.* Cash provided by operating activities in fiscal 2023 was higher than the prior fiscal year primarily due to growth in our underlying business, partially offset by higher incentive payments.

*Investing activities.* Cash used in investing activities in fiscal 2023 was lower than the prior fiscal year primarily due to the absence of cash paid for acquisitions, cash received from the settlement of net investment hedge derivative instruments in the current year and lower purchases of investment securities, partially offset by lower sales and maturities of investment securities.

*Financing activities.* Cash used in financing activities in fiscal 2023 was higher than the prior fiscal year primarily due to the absence of proceeds from the issuance of senior notes, higher principal debt payment upon maturity of our senior notes, higher dividends paid and higher share repurchases.

#### Sources of Liquidity

*Cash, cash equivalents and investments.* As of September 30, 2023, our cash and cash equivalents balance were \$16.3 billion and our available-for-sale debt securities were \$5.4 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 and U.S. government-sponsored agencies. \$3.5 billion of the investments are classified as current and are available to meet short-term liquidity needs. The remaining non-

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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. As of September 30, 2023, we had no outstanding obligations under the program. See *Note 10—Debt* to our consolidated financial statements included in *Item 8* of this report.

*Credit facility.* We have an unsecured \$7.0 billion revolving credit facility, which expires in May 2028. As of September 30, 2023, there were no amounts outstanding under the credit facility. See *Note 10—Debt* to our consolidated financial statements included in *Item 8* 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* of this report.

### **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 2023, we were not required to fund settlement-related working capital. As of September 30, 2023, we held \$10.1 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* of this report.

*Litigation.* Judgments in and settlements of litigation or other fines imposed in investigations and proceedings could give rise to future liquidity needs. During fiscal 2023, we deposited \$1.0 billion into the U.S. litigation escrow account to address claims associated with the interchange multidistrict litigation. The balance of this account as of September 30, 2023 was \$1.8 billion and is reflected as restricted cash in our consolidated balance sheets. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8* of this report.

*Common stock repurchases.* During fiscal 2023, we repurchased shares of our class A common stock in the open market for \$12.2 billion. As of September 30, 2023, our share repurchase program had remaining authorized funds of \$5.0 billion. In October 2023, our board of directors authorized a new \$25.0 billion share repurchase program, providing multi-year flexibility. Share repurchases will be executed at prices we deem appropriate subject to various factors, including market conditions and our financial performance, and may be effected through accelerated share repurchase programs, open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans. See *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8* of this report.

*Dividends.* During fiscal 2023, we declared and paid \$3.8 billion in dividends to holders of our common and preferred stock. On October 24, 2023, our board of directors declared a quarterly cash dividend of \$0.52 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 \$1.1 billion in connection with this dividend on December 1, 2023. We expect to continue paying quarterly dividends in cash, subject to

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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.

**Senior notes.** As of September 30, 2023, we had an outstanding aggregate principal amount relating to our senior notes of \$20.9 billion. During fiscal 2023, we repaid \$2.25 billion of principal upon maturity of our December 2022 senior notes. Since the issuance of the \$500 million green bond as part of our commitment to environmental sustainability and a sustainable payments ecosystem, we have allocated \$391 million to eligible green projects. See *Note 10—Debt* to our consolidated financial statements included in *Item 8* of this report.

**Client incentives.** As of September 30, 2023, we had short-term and long-term liabilities recorded on the consolidated balance sheet related to these agreements of \$8.2 billion and \$0.2 billion, respectively.

**Uncertain tax positions.** As of September 30, 2023, we had long-term liabilities for uncertain tax positions of \$1.6 billion. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8* of this report.

**Pending acquisition.** In June 2023, we entered into a definitive agreement to acquire Pismo for \$1.0 billion in cash. This acquisition is subject to customary closing conditions, including applicable regulatory reviews and approvals.

**Purchase obligations.** As of September 30, 2023, we had short-term and long-term obligations of \$1.7 billion and \$0.9 billion, respectively, related to 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. For future obligations related to software licenses, see *Note 18—Commitments* to our consolidated financial statements included in *Item 8* of this report.

**Leases.** As of September 30, 2023, we had short-term and long-term obligations of \$12 million and \$421 million, respectively, related to leases that have not yet commenced. For future lease payments related to leases that have commenced and are recognized in the consolidated balance sheet, see *Note 9—Leases* to our consolidated financial statements included in *Item 8* of this report.

**Tax Cuts and Jobs Act.** As of September 30, 2023, we had short-term and long-term obligations of \$162 million and \$431 million, respectively, related to the estimated transition tax, net of foreign tax credit carryovers, on certain foreign earnings of non-U.S. subsidiaries recognized during fiscal 2018.

### **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* of this report.

### **Accounting Pronouncements Not Yet Adopted**

The Financial Accounting Standards Board has issued certain accounting updates, which we have either determined to be not applicable or 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* 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.

### **Legal and Regulatory Matters**

*Critical estimates.* We are currently involved in various legal proceedings, the outcomes of which are not within our complete control and 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 loss is reasonably estimable. Our judgments are subjective and based on a number of factors, including management's understanding of the legal or regulatory profile and the specifics of each proceeding, our history with similar matters, advice of internal and external legal counsel 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* of this report.

*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 in the period in which the effect becomes probable and reasonably estimable. See *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8* of this report.

### **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.

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*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 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 condition, results of operations or 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.

As of September 30, 2023 and 2022, 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 \$236 million and \$220 million, respectively, 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 and Hedging Instruments* to our consolidated financial statements included in *Item 8* 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 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. A hypothetical 10% change in the Euro against the U.S. dollar compared to the exchange rate as of September 30, 2023 and 2022 would result in a foreign currency translation adjustment of \$1.9 billion and \$1.8 billion, respectively.

As of September 30, 2023 and 2022, we designated €3.0 billion and €1.2 billion, respectively, of our Euro-denominated senior notes as a net investment hedge against a portion of the foreign exchange rate exposure from our net investment in Visa Europe. Foreign currency translation adjustments resulting from the designated portion of the Euro-denominated senior notes partially offset the foreign currency translation adjustments resulting from our net investment in Visa Europe. See *Note 1—Summary of Significant Accounting Policies* and *Note 13—Derivative and Hedging Instruments* to our consolidated financial statements included in *Item 8* 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. As of September 30, 2023 and 2022, a hypothetical 100 basis point increase in interest rates would create an estimated decrease in the fair value of our investment securities of approximately \$43 million and \$47 million, respectively. Any realized 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. As of September 30, 2023 and 2022, a hypothetical 100 basis point increase in interest rates would have resulted in an increase of approximately \$40 million in annual interest expense for each fiscal year. See *Note 13—Derivative and Hedging Instruments* to our consolidated financial statements included in *Item 8* of this report.

### **Equity Investment Risk**

Our equity investments are held in both marketable and non-marketable equity securities. The marketable equity securities are publicly traded stocks and the non-marketable equity securities are investments in privately held companies. As of September 30, 2023 and 2022, the carrying value of our marketable equity securities was \$163 million and \$291 million, respectively, and the carrying value of our non-marketable equity securities was \$1.4 billion and \$1.2 billion, respectively. These securities are subject to a wide variety of market-related risks that could substantially reduce or increase the fair 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.

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ITEM 8. Financial Statements and Supplementary Data

VISA INC.  
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**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, 2023 and 2022, 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, 2023, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2023, 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, 2023 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 litigation accrual 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 party to various legal proceedings including the *Interchange Multidistrict Litigation (MDL) – Individual Merchant Actions*, and has recorded a litigation accrual of \$1,621 million as of September 30, 2023. In preparing its consolidated financial statements, the Company is required to assess the probability of loss associated with each legal proceeding and estimate the 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 and may not be known for prolonged periods of time.

We identified the assessment of the litigation accrual for class members opting out of the Damages Class settlement in the *Interchange Multidistrict Litigation (MDL)*, also known as the *MDL – Individual Merchant Actions*, as a critical audit matter. This proceeding involves claims that are subject to inherent uncertainties and unascertainable damages. The assessment of the litigation accrual 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. The Company could incur judgments, enter into settlements or revise its expectations regarding the outcome of merchants' claims, which could have a material effect on the estimated amount of the liability in the period in which the effect becomes probable and reasonably estimable.

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 related to the Company's litigation accrual process for 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 the remaining opt-out merchants. We performed a sensitivity analysis over the Company's monetary exposure calculations, and we recalculated the amount of the ending litigation accrual. We read letters received directly from the Company's external legal counsel and internal legal counsel that discussed the Company's legal matters, including the *MDL – Individual Merchant Actions*. We also considered relevant publicly available information.

**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 15, 2023

**VISA INC.**  
**CONSOLIDATED BALANCE SHEETS**

	September 30,	
	2023	2022
(in millions, except per share data)		
<b>Assets</b>		
Cash and cash equivalents	\$ 16,286	\$ 15,689
Restricted cash equivalents—U.S. litigation escrow	1,764	1,449
Investment securities	3,842	2,833
Settlement receivable	2,183	1,932
Accounts receivable	2,291	2,020
Customer collateral	3,005	2,342
Current portion of client incentives	1,577	1,272
Prepaid expenses and other current assets	2,584	2,668
Total current assets	33,532	30,205
Investment securities	1,921	2,136
Client incentives	3,789	3,348
Property, equipment and technology, net	3,425	3,223
Goodwill	17,997	17,787
Intangible assets, net	26,104	25,065
Other assets	3,731	3,737
Total assets	\$ 90,499	\$ 85,501
<b>Liabilities</b>		
Accounts payable	\$ 375	\$ 340
Settlement payable	3,269	3,281
Customer collateral	3,005	2,342
Accrued compensation and benefits	1,506	1,359
Client incentives	8,177	6,099
Accrued liabilities	5,015	3,726
Current maturities of debt	—	2,250
Accrued litigation	1,751	1,456
Total current liabilities	23,098	20,853
Long-term debt	20,463	20,200
Deferred tax liabilities	5,114	5,332
Other liabilities	3,091	3,535
Total liabilities	51,766	49,920
Commitments and contingencies (Note 18 and Note 20)		
<b>Equity</b>		
Series A, Series B and Series C convertible participating preferred stock (preferred stock), \$0.0001 par value: 25 shares authorized and 5 (Series A less than one, Series B 2, Series C 3) shares issued and outstanding as of September 30, 2023 and 2022	1,698	2,324
Class A, Class B and Class C common stock and additional paid-in capital, \$0.0001 par value: 2,003,341 shares authorized (Class A 2,001,622, Class B 622, Class C 1,097); 1,849 (Class A 1,594, Class B 245, Class C 10) and 1,890 (Class A 1,635, Class B 245, Class C 10) shares issued and outstanding as of September 30, 2023 and 2022, respectively	20,452	19,545
Right to recover for covered losses	(140)	(35)
Accumulated income	18,040	16,116
Accumulated other comprehensive income (loss):		
Investment securities	(64)	(106)
Defined benefit pension and other postretirement plans	(155)	(169)
Derivative instruments	(177)	418
Foreign currency translation adjustments	(921)	(2,512)
Total accumulated other comprehensive income (loss)	(1,317)	(2,369)
Total equity	38,733	35,581
Total liabilities and equity	\$ 90,499	\$ 85,501

*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,		
	2023	2022	2021
	(in millions, except per share data)		
<b>Net revenues</b>	\$ 32,653	\$ 29,310	\$ 24,105
<b>Operating Expenses</b>			
Personnel	5,831	4,990	4,240
Marketing	1,341	1,336	1,136
Network and processing	736	743	730
Professional fees	545	505	403
Depreciation and amortization	943	861	804
General and administrative	1,330	1,194	985
Litigation provision	927	868	3
<b>Total operating expenses</b>	<b>11,653</b>	<b>10,497</b>	<b>8,301</b>
<b>Operating income</b>	<b>21,000</b>	<b>18,813</b>	<b>15,804</b>
<b>Non-operating Income (Expense)</b>			
Interest expense	(644)	(538)	(513)
Investment income (expense) and other	681	(139)	772
<b>Total non-operating income (expense)</b>	<b>37</b>	<b>(677)</b>	<b>259</b>
Income before income taxes	21,037	18,136	16,063
Income tax provision	3,764	3,179	3,752
<b>Net income</b>	<b>\$ 17,273</b>	<b>\$ 14,957</b>	<b>\$ 12,311</b>
<b>Basic Earnings Per Share</b>			
Class A common stock	\$ 8.29	\$ 7.01	\$ 5.63
Class B common stock	\$ 13.26	\$ 11.33	\$ 9.14
Class C common stock	\$ 33.17	\$ 28.03	\$ 22.53
<b>Basic Weighted-average Shares Outstanding</b>			
Class A common stock	1,618	1,651	1,691
Class B common stock	245	245	245
Class C common stock	10	10	10
<b>Diluted Earnings Per Share</b>			
Class A common stock	\$ 8.28	\$ 7.00	\$ 5.63
Class B common stock	\$ 13.24	\$ 11.31	\$ 9.13
Class C common stock	\$ 33.13	\$ 28.00	\$ 22.51
<b>Diluted Weighted-average Shares Outstanding</b>			
Class A common stock	2,085	2,136	2,188
Class B common stock	245	245	245
Class C common stock	10	10	10

*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,		
	2023	2022	2021
	(in millions)		
<b>Net income</b>	\$ 17,273	\$ 14,957	\$ 12,311
<b>Other comprehensive income (loss):</b>			
Investment securities:			
Net unrealized gain (loss)	53	(133)	(4)
Income tax effect	(11)	28	1
Reclassification adjustments	—	—	(1)
Defined benefit pension and other postretirement plans:			
Net unrealized actuarial gain (loss) and prior service credit (cost)	6	(168)	178
Income tax effect	—	38	(41)
Reclassification adjustments	10	13	13
Income tax effect	(2)	(3)	(3)
Derivative instruments:			
Net unrealized gain (loss)	(126)	917	19
Income tax effect	24	(177)	(1)
Reclassification adjustments	49	(67)	15
Income tax effect	(24)	2	1
Foreign currency translation adjustments:			
Translation adjustments	975	(3,255)	(95)
Income tax effect	98	—	—
<b>Other comprehensive income (loss)</b>	<b>1,052</b>	<b>(2,805)</b>	<b>82</b>
<b>Comprehensive income</b>	<b>\$ 18,325</b>	<b>\$ 12,152</b>	<b>\$ 12,393</b>

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

**VISA INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Preferred Stock		Common Stock and Additional Paid-in Capital		Right to Recover for Covered Losses	Accumulated Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount				
(in millions, except per share data)								
Balance as of September 30, 2022	5	\$ 2,324 <sup>(1)</sup>	1,890	\$ 19,545	\$ (35)	\$ 16,116	\$ (2,369)	\$ 35,581
Net income						17,273		17,273
Other comprehensive income (loss)							1,052	1,052
VE territory covered losses incurred					(136)			(136)
Recovery through conversion rate adjustment		(30)			31			1
Conversion to class A common stock upon sales into public market	— <sup>(2)</sup>	(596)	10	596				—
Share-based compensation				765				765
Stock issued under equity plans			5	260				260
Restricted stock and performance-based shares settled in cash for taxes			(1)	(130)				(130)
Cash dividends declared and paid, at a quarterly amount of \$0.45 per class A common stock						(3,751)		(3,751)
Repurchase of class A common stock			(55)	(584)		(11,598)		(12,182)
<b>Balance as of September 30, 2023</b>	<b>5</b>	<b>\$ 1,698 <sup>(1)</sup></b>	<b>1,849</b>	<b>\$ 20,452</b>	<b>\$ (140)</b>	<b>\$ 18,040</b>	<b>\$ (1,317)</b>	<b>\$ 38,733</b>

<sup>(1)</sup> As of September 30, 2023 and 2022, the book value of series A preferred stock was \$456 million and \$1.0 billion, respectively. Refer to Note 5—U.S. and Europe Retrospective Responsibility Plans for the book value of series B and series C preferred stock.

<sup>(2)</sup> Increase or decrease 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 and Additional Paid-in Capital		Right to Recover for Covered Losses	Accumulated Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount				
(in millions, except per share data)								
Balance as of September 30, 2021	5	\$ 3,080 <sup>(1)</sup>	1,932	\$ 18,855	\$ (133)	\$ 15,351	\$ 436	\$ 37,589
Net income						14,957		14,957
Other comprehensive income (loss)							(2,805)	(2,805)
VE territory covered losses incurred					(43)			(43)
Recovery through conversion rate adjustment		(141)			141			—
Issuance of series A preferred stock	— <sup>(2)</sup>	(3)						(3)
Conversion to class A common stock upon sales into public market	— <sup>(2)</sup>	(612)	10	612				—
Share-based compensation				602				602
Stock issued under equity plans			4	196				196
Restricted stock and performance-based shares settled in cash for taxes			— <sup>(2)</sup>	(120)				(120)
Cash dividends declared and paid, at a quarterly amount of \$0.375 per class A common stock						(3,203)		(3,203)
Repurchase of class A common stock			(56)	(600)		(10,989)		(11,589)
Balance as of September 30, 2022	5	\$ 2,324 <sup>(1)</sup>	1,890	\$ 19,545	\$ (35)	\$ 16,116	\$ (2,369)	\$ 35,581

<sup>(1)</sup> As of September 30, 2022 and 2021, the book value of series A preferred stock was \$1.0 billion and \$486 million, respectively. Refer to Note 5—U.S. and Europe Retrospective Responsibility Plans for the book value of series B and series C preferred stock.

<sup>(2)</sup> Increase or decrease 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 and Additional Paid-in Capital		Right to Recover for Covered Losses	Accumulated Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount				
(in millions, except per share data)								
Balance as of September 30, 2020	5	\$ 5,086	1,939	\$ 16,721	\$ (39)	\$ 14,088	\$ 354	\$ 36,210
Net income						12,311		12,311
Other comprehensive income (loss)							82	82
Adoption of new accounting standards						3		3
VE territory covered losses incurred					(147)			(147)
Recovery through conversion rate adjustment		(55)			53			(2)
Conversion to class A common stock upon sales into public market	— <sup>(1)</sup>	(1,951)	29	1,951				—
Share-based compensation						542		542
Stock issued under equity plans			5	208				208
Restricted stock and performance-based shares settled in cash for taxes			(1)	(144)				(144)
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	5	\$ 3,080	1,932	\$ 18,855	\$ (133)	\$ 15,351	\$ 436	\$ 37,589

<sup>(1)</sup> Increase or decrease is less than one million shares.

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

**VISA INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended September 30,		
	2023	2022	2021
	(in millions)		
<b>Operating Activities</b>			
Net income	\$ 17,273	\$ 14,957	\$ 12,311
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Client incentives	12,297	10,295	8,367
Share-based compensation	765	602	542
Depreciation and amortization	943	861	804
Deferred income taxes	(483)	(336)	873
VE territory covered losses incurred	(136)	(43)	(147)
(Gains) losses on equity investments, net	104	264	(712)
Other	14	(94)	(109)
Change in operating assets and liabilities:			
Settlement receivable	(160)	(397)	(468)
Accounts receivable	(250)	(97)	(343)
Client incentives	(11,014)	(9,351)	(7,510)
Other assets	(24)	(666)	(147)
Accounts payable	34	67	88
Settlement payable	(194)	1,256	679
Accrued and other liabilities	1,291	1,055	929
Accrued litigation	295	476	70
Net cash provided by (used in) operating activities	<u>20,755</u>	<u>18,849</u>	<u>15,227</u>
<b>Investing Activities</b>			
Purchases of property, equipment and technology	(1,059)	(970)	(705)
Investment securities:			
Purchases	(4,363)	(5,997)	(5,111)
Proceeds from maturities and sales	3,160	4,585	5,701
Acquisitions, net of cash and restricted cash acquired	—	(1,948)	(75)
Purchases of other investments	(121)	(86)	(71)
Settlement of derivative instruments	402	—	—
Other investing activities	(25)	128	109
Net cash provided by (used in) investing activities	<u>(2,006)</u>	<u>(4,288)</u>	<u>(152)</u>
<b>Financing Activities</b>			
Repurchase of class A common stock	(12,101)	(11,589)	(8,676)
Repayments of debt	(2,250)	(1,000)	(3,000)
Dividends paid	(3,751)	(3,203)	(2,798)
Proceeds from issuance of senior notes	—	3,218	—
Cash proceeds from issuance of class A common stock under equity plans	260	196	208
Restricted stock and performance-based shares settled in cash for taxes	(130)	(120)	(144)
Other financing activities	200	(198)	—
Net cash provided by (used in) financing activities	<u>(17,772)</u>	<u>(12,696)</u>	<u>(14,410)</u>
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	636	(1,287)	(37)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	1,613	578	628
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	20,377	19,799	19,171
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	<u>\$ 21,990</u>	<u>\$ 20,377</u>	<u>\$ 19,799</u>
<b>Supplemental Disclosure</b>			
Cash paid for income taxes, net	\$ 3,433	\$ 3,741	\$ 3,012
Interest payments on debt	\$ 617	\$ 607	\$ 643
Accruals related to purchases of property, equipment and technology	\$ 96	\$ 56	\$ 41

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

**VISA INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2023**

**Note 1—Summary of Significant Accounting Policies**

*Organization.* Visa Inc. (Visa or the Company), is a global payments technology company that facilitates global commerce and money movement across more than 200 countries and territories. Visa operates one of the world's largest electronic payments networks — VisaNet — which provides transaction processing services (primarily authorization, clearing and settlement). The Company offers products, solutions and services that facilitate secure, reliable and efficient money movement for 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. Intercompany balances and transactions have been eliminated in consolidation.

During fiscal 2022, economic sanctions were imposed on Russia, impacting Visa and its clients. In March 2022, the Company suspended its operations in Russia and deconsolidated its Russian subsidiary.

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. 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 period in which such changes occur. Future actual results could differ materially from these estimates. 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, and classified as restricted cash equivalents on the consolidated balance sheets. Interest earned on escrow funds is recognized in investment income (expense) and other 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 subject to nonrecurring fair value measurements 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 investments in publicly traded companies as well as mutual fund investments related to various employee compensation and benefit plans. Interest and dividend income as well as gains and losses, realized and unrealized, from changes in fair value are recognized in investment income (expense) and other on the consolidated statements of operations.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
September 30, 2023

Trading activity in the mutual fund investments is at the direction of the Company's employees. These investments are held in a trust and are not considered by the Company to be available for its operational or liquidity needs. The corresponding liability is reported in accrued liabilities on the consolidated balance sheets, with changes in the liability recognized in personnel expense on the consolidated statements of operations.

*Available-for-sale debt securities.* The Company's investments in debt securities, which are classified as available-for-sale and reported in investment securities or cash and cash equivalents 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 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 other comprehensive income (loss). The specific identification method is used to calculate realized gain or loss on the sale of securities, which is recorded in investment income (expense) and other on the consolidated statements of operations. Interest income is recognized when earned and is included in investment income (expense) and other 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 in investment income (expense) and other on the consolidated statements of operations if it has the intent to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis. In addition, 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 consolidated balance sheets and in investment income (expense) and other 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 entities without readily determinable fair values. All gains and losses on non-marketable equity securities are recognized in investment income (expense) and other on the consolidated statements of operations.

The Company applies the equity method of accounting when it does not have control but has the ability to exercise significant influence over the entity. Under the equity method, the Company's share of each entity's profit or loss is recognized in investment income (expense) and other on the consolidated statements of operations.

The Company applies the fair value measurement alternative for equity securities in certain other entities when it does not have the ability to exercise significant influence over the entity. The Company adjusts the carrying value of these equity securities to fair value when orderly 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 securities and derivative instruments. See *Note 6—Fair Value Measurements and Investments*.

*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 that 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 accounts under the Company's name and ownership. The Company does not have the right to pledge 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 a client's financial institutions to serve as irrevocable guarantees of payment. Guarantees are provided primarily by a client's parent to secure the obligations of its 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 or 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.

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.

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 on the consolidated statements of operations and consists of amounts recognized under lease agreements, adjusted for impairment and sublease income.

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*Business combinations.* The Company accounts for business combinations using the acquisition method and accordingly, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree are generally recorded at their acquisition date fair values. The excess of the purchase price over the fair value of net assets acquired, including identifiable intangible assets, is recorded as goodwill. Acquisition-related costs are expensed in the periods in which the costs are incurred.

*Intangible assets, net and goodwill.* 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.

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.

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 indefinite-lived intangible assets and goodwill as of February 1, 2023, 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, 2023. See *Note 8—Intangible Assets and Goodwill*.

*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 and based on a number of factors, including the specifics of such legal or regulatory proceedings, the merits of the Company's defenses and consultation with internal 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 on 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 Visa's payments network over the contractual term, facilitate the processing of payment transactions, including authorization, clearing and settlement, and deliver related products and services. The Company delivers its payments network services directly to issuers and acquirers, who provide those services to others within the payments network: the merchants and consumers. The Company considers all parties in Visa's payments network as customers. The Company earns net revenues primarily from issuers and acquirers. Consideration is variable based primarily upon the amount and type of transactions and payments volume on Visa's products. The transaction price for each specific service is reported net of discounts attributable to individual services or fees. 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. 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 taxes, from other value added services, including issuing solutions, acceptance solutions, risk and identity solutions, open banking and advisory services, as these value added services are performed.

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Service revenues consist mainly of revenues earned for services provided in support of client usage of Visa payment services. These revenues include fees related to payments volumes. Visa's obligation is to stand ready to provide continuous access to Visa's payments network and related services with respect to Visa-branded payments programs. Current quarter service revenues are primarily assessed using a calculation of current quarter's pricing applied to the prior quarter's payments volume.

Data processing revenues consist of revenues earned for authorization, clearing, settlement; value added services related to issuing, acceptance, and risk and identity solutions; 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 related to advisory, marketing and certain card benefits; license fees for use of the Visa brand or technology; and fees for account holder services, certification and licensing. 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 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 Visa's network and driving innovation. Incentives are classified as reductions to net 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 as client incentive assets under these agreements when paid 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 when earned and disclosed as client incentive liabilities and 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. Client incentive assets and liabilities are classified on the consolidated balance sheets as current or long-term based on a 12-month operating cycle.

*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 costs 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 be applied 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 interest expense and investment income (expense) and other, respectively, on 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*.

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*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 on the consolidated statements of operations and were not material for fiscal 2023, 2022 and 2021.

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 and hedging 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 derivative contracts designated as cash flow hedges are recorded in other comprehensive income (loss). 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 purposes and are reported in earnings. Derivatives designated as 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 derivative contracts and other non-derivative financial instruments which were designated as net investment hedges 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 fair value hedges and the cross-currency swaps as net investment hedges. Gains and losses related to hedging instruments for fair value hedges are recognized in interest expense along with a corresponding loss or gain related to the change in the fair value of the underlying hedged item in the same line item on the consolidated statements of operations. Gains and losses related to hedging instruments for net investment hedges are recorded in other comprehensive income (loss). Amounts excluded from the effectiveness testing of net investment hedges are recognized in earnings.

The Company utilizes foreign exchange forward derivative contracts to hedge against foreign currency exchange rate fluctuations related to certain monetary assets and liabilities denominated in foreign currencies. 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 on the consolidated statements of operations.

Cash flows associated with a cash flow hedge are classified as an operating activity on the consolidated statements 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 and Hedging Instruments*.

*Share-based compensation.* The Company measures share-based compensation cost at the grant date, net of estimated forfeitures, based on the estimated fair value of the award. 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

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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.

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 and participating securities outstanding 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 to each class of shares by the weighted-average number of shares of common stock outstanding, participating securities outstanding 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. See *Note 16—Earnings Per Share*.

*Recently Adopted Accounting Pronouncement.* In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. Subsequently, the FASB also issued amendments to this standard. The amendments in the ASU are effective upon issuance through December 31, 2024. During fiscal 2023, the Company adopted certain optional expedients provided in this ASU in relation to contract modifications and hedge accounting. The adoption did not have a material impact on the consolidated financial statements.

## **Note 2—Acquisitions**

### *Pending Acquisition*

In June 2023, Visa entered into a definitive agreement to acquire Pismo Holdings, a cloud-native issuer processing and core banking platform with operations in Latin America, Asia Pacific and Europe, for \$1.0 billion in cash. This acquisition is subject to customary closing conditions, including applicable regulatory reviews and approvals.

### *Fiscal 2022 Acquisitions*

*Currencycloud.* In December 2021, Visa acquired The Currency Cloud Group Limited (Currencycloud), a global platform that enables financial institutions and fintechs to provide innovative cross-border foreign exchange solutions, for a total purchase consideration of \$893 million (which includes the fair value of Visa's previously held equity interest in Currencycloud). The Company allocated \$150 million of the purchase consideration to technology, customer relationships, other net assets acquired and deferred tax liabilities and the remaining \$743 million to goodwill.

*Tink.* In March 2022, Visa acquired 100% of the share capital of Tink AB (Tink) for \$1.9 billion in cash. Tink is an open banking platform that enables financial institutions, fintechs and merchants to build financial products and services and move money. The acquisition is expected to help accelerate the adoption of open banking around the world by providing a secure, reliable platform for innovation.

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The following table summarizes the final purchase price allocation for Tink:

	Purchase Price Allocation (in millions)	Weighted-Average Useful Life (in years)
Technology	\$ 245	4
Customer relationships	90	6
Deferred tax liabilities	(71)	
Other net assets acquired (liabilities assumed)	25	
Goodwill	1,577	
<b>Total</b>	<b>\$ 1,866</b>	<b>5</b>

Goodwill is primarily attributable to synergies expected to be achieved from the acquisition and the assembled workforce. The goodwill recognized is not deductible for tax purposes.

**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,		
	2023	2022	2021
	(in millions)		
Service revenues	\$ 14,826	\$ 13,361	\$ 11,475
Data processing revenues	16,007	14,438	12,792
International transaction revenues	11,638	9,815	6,530
Other revenues	2,479	1,991	1,675
Client incentives	(12,297)	(10,295)	(8,367)
<b>Net revenues</b>	<b>\$ 32,653</b>	<b>\$ 29,310</b>	<b>\$ 24,105</b>

	For the Years Ended September 30,		
	2023	2022	2021
	(in millions)		
U.S.	\$ 14,138	\$ 12,851	\$ 11,160
International	18,515	16,459	12,945
<b>Net revenues</b>	<b>\$ 32,653</b>	<b>\$ 29,310</b>	<b>\$ 24,105</b>

Remaining performance obligations are comprised of deferred revenues and contract revenues that will be invoiced and recognized as revenues in future periods primarily related to value added services. As of September 30, 2023, the remaining performance obligations were \$2.9 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.

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

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

	September 30,	
	2023	2022
(in millions)		
Cash and cash equivalents	\$ 16,286	\$ 15,689
Restricted cash and restricted cash equivalents:		
U.S. litigation escrow	1,764	1,449
Customer collateral	3,005	2,342
Prepaid expenses and other current assets	935	897
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents</b>	<b>\$ 21,990</b>	<b>\$ 20,377</b>

Prepaid expenses and other current assets include restricted cash and restricted cash equivalents related to funds held by the Company on behalf of clients in segregated bank accounts that generally cannot be withdrawn or used for general operating activities. These amounts are fully offset by corresponding liabilities recorded in accrued liabilities on the Company's consolidated balance sheets.

**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 (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 initial public offering (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.*

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

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Balance as of beginning of period	\$ 1,449	\$ 894
Deposits into the U.S. litigation escrow account	1,000	850
Payments to opt-out merchants <sup>(1)</sup> , net of interest earned on escrow funds	(685)	(295)
<b>Balance as of end of period</b>	<b>\$ 1,764</b>	<b>\$ 1,449</b>

<sup>(1)</sup> 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 value of the Company's class B common stock is subject to dilution through a downward adjustment to the rate at which shares of class B common stock ultimately convert into shares of class A common stock. This has the same economic effect on 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 with each deposit amount. 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 U.S. litigation escrow arrangement, conversion feature of the Company's class B common stock and 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-

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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 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 (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 (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 (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 committee for VE territory covered litigation (VE Territory Litigation Management Committee). The VE Territory Litigation Management Committee, which is composed of representatives of certain Visa Europe members, has 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, (collectively 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 periodic adjustments 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

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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 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 is not 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 are 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 records 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 the contra-equity account right to recover for covered losses.

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 is then recorded against the book value of the preferred stock within stockholders' equity.

As required by the litigation management deed, on June 21, 2022, the sixth anniversary of the Visa Europe acquisition, Visa, in consultation with the VE Territory Litigation Management Committee, carried out a release assessment. After the completion of this assessment, the Company released \$3.5 billion of the as-converted value from its series B and C preferred stock and issued 176,655 shares of series A preferred stock on July 29, 2022 (Sixth 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 \$3 million in cash in lieu of issuing fractional shares of series A preferred stock. See *Note 15—Stockholders' Equity*.

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:

	Preferred Stock		Right to Recover for Covered Losses
	Series B	Series C	
	(in millions)		
Balance as of September 30, 2022	\$ 460	\$ 812	\$ (35)
VE territory covered losses incurred <sup>(1)</sup>	—	—	(136)
Recovery through conversion rate adjustment <sup>(2)</sup>	(19)	(11)	31
<b>Balance as of September 30, 2023</b>	<b>\$ 441</b>	<b>\$ 801</b>	<b>\$ (140)</b>

	Preferred Stock		Right to Recover for Covered Losses
	Series B	Series C	
	(in millions)		
Balance as of September 30, 2021	\$ 1,071	\$ 1,523	\$ (133)
VE territory covered losses incurred <sup>(1)</sup>	—	—	(43)
Recovery through conversion rate adjustment	(135)	(6)	141
Sixth Anniversary Release	(476)	(705)	—
<b>Balance as of September 30, 2022</b>	<b>\$ 460</b>	<b>\$ 812</b>	<b>\$ (35)</b>

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

<sup>(2)</sup> 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.

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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:

	September 30,			
	2023		2022	
	As-converted Value of Preferred Stock <sup>(1)</sup> (2)	Book Value of Preferred Stock <sup>(1)</sup>	As-converted Value of Preferred Stock <sup>(1)</sup> (3)	Book Value of Preferred Stock <sup>(1)</sup>
	(in millions)			
Series B preferred stock	\$ 1,676	\$ 441	\$ 1,309	\$ 460
Series C preferred stock	2,635	801	2,044	812
<b>Total</b>	<b>4,311</b>	<b>1,242</b>	<b>3,353</b>	<b>1,272</b>
Less: right to recover for covered losses	(140)	(140)	(35)	(35)
<b>Total recovery for covered losses available</b>	<b>\$ 4,171</b>	<b>\$ 1,102</b>	<b>\$ 3,318</b>	<b>\$ 1,237</b>

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

<sup>(2)</sup> As of September 30, 2023, 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) 2.937 and 3.629, the class A common stock conversion rate applicable to the series B and C preferred stock outstanding, respectively; and (c) \$230.01, Visa's class A common stock closing stock price.

<sup>(3)</sup> As of September 30, 2022, 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) 2.971 and 3.645, the class A common stock conversion rate applicable to the series B and C preferred stock outstanding, respectively; and (c) \$177.65, Visa's class A common stock closing stock price.

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**Note 6—Fair Value Measurements and Investments**

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

	Fair Value Measurements as of September 30 Using Inputs Considered as			
	Level 1		Level 2	
	2023	2022	2023	2022
	(in millions)			
<b>Assets</b>				
<b>Cash equivalents and restricted cash equivalents:</b>				
Money market funds	\$ 13,504	\$ 11,736	\$ —	\$ —
U.S. Treasury securities	301	799	—	—
<b>Investment securities:</b>				
Marketable equity securities	339	437	—	—
U.S. government-sponsored debt securities	—	—	1,108	457
U.S. Treasury securities	4,316	4,005	—	—
<b>Other current and non-current assets:</b>				
Money market funds	23	22	—	—
Derivative instruments	—	—	293	1,131
<b>Total</b>	<b>\$ 18,483</b>	<b>\$ 16,999</b>	<b>\$ 1,401</b>	<b>\$ 1,588</b>
<b>Liabilities</b>				
<b>Accrued compensation and benefits:</b>				
Deferred compensation liability	\$ 175	\$ 146	\$ —	\$ —
<b>Accrued and other liabilities:</b>				
Derivative instruments	—	—	396	418
<b>Total</b>	<b>\$ 175</b>	<b>\$ 146</b>	<b>\$ 396</b>	<b>\$ 418</b>

*Level 1 assets and liabilities.* Money market funds, U.S. Treasury securities and marketable 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. 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*

The amortized cost, unrealized gains and losses and fair value of debt securities were as follows:

	September 30, 2023			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
	(in millions)			
U.S. government-sponsored debt securities	\$ 1,109	\$ 1	\$ (2)	\$ 1,108
U.S. Treasury securities	4,697	—	(80)	4,617
<b>Total</b>	<b>\$ 5,806</b>	<b>\$ 1</b>	<b>\$ (82)</b>	<b>\$ 5,725</b>

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	September 30, 2022			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
	(in millions)			
U.S. government-sponsored debt securities	\$ 458	\$ —	\$ (1)	\$ 457
U.S. Treasury securities	4,937	—	(133)	4,804
<b>Total</b>	<b>\$ 5,395</b>	<b>\$ —</b>	<b>\$ (134)</b>	<b>\$ 5,261</b>

Debt securities with unrealized losses for less than 12 months and 12 months or greater were as follows:

	September 30, 2023			
	Less Than 12 Months		12 Months or Greater	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)			
U.S. government-sponsored debt securities	\$ 412	\$ (2)	\$ 50	\$ —
U.S. Treasury securities	1,360	(12)	2,128	(68)
<b>Total</b>	<b>\$ 1,772</b>	<b>\$ (14)</b>	<b>\$ 2,178</b>	<b>\$ (68)</b>

	September 30, 2022	
	Less Than 12 Months	
	Fair Value	Gross Unrealized Losses
	(in millions)	
U.S. government-sponsored debt securities	\$ 408	\$ (1)
U.S. Treasury securities	3,507	(133)
<b>Total</b>	<b>\$ 3,915</b>	<b>\$ (134)</b>

The unrealized losses were primarily attributable to changes in interest rates.

The stated maturities of debt securities were as follows:

	September 30, 2023
	(in millions)
Due within one year	\$ 3,804
Due after one year through five years	1,921
<b>Total</b>	<b>\$ 5,725</b>

*Equity Securities*

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

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The following table summarizes the total carrying value of the Company's non-marketable equity securities that were accounted for using the fair value measurement alternative and held as of September 30, 2023, including cumulative unrealized gains and losses:

	September 30, 2023
	(in millions)
Initial cost basis	\$ 719
Adjustments:	
Upward adjustments	899
Downward adjustments (including impairment)	(445)
<b>Carrying amount</b>	<b>\$ 1,173</b>

Unrealized gains and losses recognized during fiscal 2023 and 2022 that were included in the carrying value of the Company's non-marketable equity securities accounted for using the fair value measurement alternative and still held as of September 30, 2023 and 2022, respectively, were as follows:

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Upward adjustments	\$ 94	\$ 231
Downward adjustments (including impairment)	\$ (99)	\$ (341)

*Investment Income (Expense)*

Investment income (expense) consisted of the following:

	For the Years Ended September 30,		
	2023	2022	2021
	(in millions)		
Interest and dividend income on cash and investments	\$ 745	\$ 69	\$ (16)
Equity securities:			
Unrealized gains (losses), net	(84)	(364)	721
Realized gains (losses), net	2	68	26
<b>Investment income (expense)</b>	<b>\$ 663</b>	<b>\$ (227)</b>	<b>\$ 731</b>

*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, 2023, the carrying value and estimated fair value of debt was \$20.5 billion and \$17.7 billion, respectively. As of September 30, 2022, the carrying value and estimated fair value of debt was \$22.5 billion and \$19.9 billion, respectively.

**Other financial instruments not measured at fair value.** As of September 30, 2023, the carrying values of settlement receivable and payable and customer collateral are an approximate fair 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.

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**Note 7—Property, Equipment and Technology, Net**

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

	September 30,	
	2023	2022
(in millions)		
Land	\$ 71	\$ 72
Buildings and building improvements	1,022	1,003
Furniture, equipment and leasehold improvements	2,146	2,230
Construction-in-progress	344	285
Technology	5,197	5,291
<b>Total property, equipment and technology</b>	<b>8,780</b>	<b>8,881</b>
Accumulated depreciation and amortization	(5,355)	(5,658)
<b>Property, equipment and technology, net</b>	<b>\$ 3,425</b>	<b>\$ 3,223</b>

As of September 30, 2023 and 2022, accumulated amortization for technology was \$3.4 billion and \$3.7 billion, respectively.

As of September 30, 2023, estimated future amortization expense on technology was as follows:

	For the Years Ending September 30,						Total
	2024	2025	2026	2027	2028	Thereafter	
(in millions)							
Estimated future amortization expense	\$ 605	\$ 505	\$ 341	\$ 197	\$ 84	\$ 25	\$ 1,757

For fiscal 2023, 2022 and 2021, depreciation and amortization expense related to property, equipment and technology was \$867 million, \$771 million and \$721 million, respectively.

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**Note 8—Intangible Assets and Goodwill**

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

	September 30,					
	2023			2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(in millions)					
<b>Finite-lived intangible assets:</b>						
Customer relationships	\$ 829	\$ (572)	\$ 257	\$ 836	\$ (513)	\$ 323
Trade names	195	(172)	23	195	(159)	36
Reseller relationships	95	(95)	—	95	(95)	—
Other	16	(16)	—	16	(16)	—
<b>Total finite-lived intangible assets</b>	<b>1,135</b>	<b>(855)</b>	<b>280</b>	<b>1,142</b>	<b>(783)</b>	<b>359</b>
<b>Indefinite-lived intangible assets:</b>						
Customer relationships and reacquired rights	21,740	—	21,740	20,622	—	20,622
Visa trade name	4,084	—	4,084	4,084	—	4,084
<b>Total indefinite-lived intangible assets</b>	<b>25,824</b>	<b>—</b>	<b>25,824</b>	<b>24,706</b>	<b>—</b>	<b>24,706</b>
<b>Total intangible assets</b>	<b>\$ 26,959</b>	<b>\$ (855)</b>	<b>\$ 26,104</b>	<b>\$ 25,848</b>	<b>\$ (783)</b>	<b>\$ 25,065</b>

For fiscal 2023, 2022 and 2021, amortization expense related to finite-lived intangible assets was \$76 million, \$90 million and \$83 million, respectively.

As of September 30, 2023, estimated future amortization expense on finite-lived intangible assets was as follows:

	For the Years Ending September 30,						Total
	2024	2025	2026	2027	2028	Thereafter	
	(in millions)						
Estimated future amortization expense	\$ 73	\$ 57	\$ 42	\$ 40	\$ 23	\$ 45	\$ 280

The changes in goodwill were as follows:

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Balance as of beginning of period	\$ 17,787	\$ 15,958
Goodwill from acquisitions, net of adjustments	—	2,320
Foreign currency translation	210	(491)
<b>Balance as of end of period</b>	<b>\$ 17,997</b>	<b>\$ 17,787</b>

**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 2024 and 2035. For certain leases the Company has options to extend the lease term for up to five years. Payments under the Company's lease arrangements are generally fixed.

As of September 30, 2023 and 2022, ROU assets included in other assets on the consolidated balance sheets was \$488 million and \$480 million, respectively. As of September 30, 2023 and 2022, the current portion of lease

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liabilities included in accrued liabilities on the consolidated balance sheets was \$106 million and \$98 million, respectively, and the long-term portion included in other liabilities was \$412 million and \$422 million, respectively.

During fiscal 2023, 2022 and 2021, total operating lease cost was \$129 million, \$117 million and \$111 million respectively. As of September 30, 2023 and 2022, the weighted-average remaining lease term for operating leases was approximately six years and the weighted-average discount rate for operating leases was 2.43% and 2.15%, respectively.

As of September 30, 2023, the present value of future minimum lease payments was as follows:

	<u>Operating Leases</u> <u>(in millions)</u>
<b>Fiscal:</b>	
2024	\$ 123
2025	111
2026	98
2027	76
2028	60
Thereafter	100
<b>Total undiscounted lease payments</b>	<b>568</b>
Less: imputed interest	(50)
<b>Present value of lease liabilities</b>	<b>\$ 518</b>

During fiscal 2023, 2022 and 2021, ROU assets obtained in exchange for lease liabilities was \$82 million, \$74 million and \$96 million, respectively.

As of September 30, 2023, the Company had additional operating leases that had not yet commenced with lease obligations of \$433 million. These operating leases will commence in fiscal 2024 with non-cancellable lease terms of 1 to 14 years.

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**Note 10—Debt**

The Company had outstanding debt as follows:

	September 30,		Effective Interest Rate <sup>(1)</sup>
	2023	2022	
(in millions, except percentages)			
<b>U.S. dollar notes</b>			
2.80% Senior Notes due December 2022	\$ —	\$ 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 %
<b>Euro notes</b>			
1.50% Senior Notes due June 2026	1,434	1,325	1.71 %
2.00% Senior Notes due June 2029	1,062	982	2.13 %
2.375% Senior Notes due June 2034	690	638	2.53 %
<b>Total debt</b>	<b>20,936</b>	<b>22,945</b>	
Unamortized discounts and debt issuance costs	(159)	(173)	
Hedge accounting fair value adjustments <sup>(2)</sup>	(314)	(322)	
<b>Total carrying value of debt</b>	<b>\$ 20,463</b>	<b>\$ 22,450</b>	
<b>Reported as:</b>			
Current maturities of debt	\$ —	\$ 2,250	
Long-term debt	20,463	20,200	
<b>Total carrying value of debt</b>	<b>\$ 20,463</b>	<b>\$ 22,450</b>	

<sup>(1)</sup> Effective interest rates disclosed do not reflect hedge accounting adjustments.

<sup>(2)</sup> Represents the 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 and Hedging Instruments.

**Senior Notes**

The Company's outstanding senior 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 senior 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, 2023, the Company was in compliance with all related covenants. Each series of senior notes may be redeemed as a whole or in part at the Company's option at any time at specified redemption prices. In addition, each series of the Euro notes may be redeemed as a whole at specified redemption prices upon the occurrence of certain U.S. tax events.

During fiscal 2023, the Company repaid \$2.25 billion of principal upon maturity of its senior notes due December 2022.

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As of September 30, 2023, future principal payments on the Company's outstanding debt were as follows:

	For the Years Ending September 30,						Total
	2024	2025	2026	2027	2028	Thereafter	
	(in millions)						
Future principal payments	\$ —	\$ —	\$ 5,434	\$ 2,750	\$ —	\$ 12,752	\$ 20,936

*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, 2023 and 2022, the Company had no outstanding obligations under the program.

*Credit Facility*

In May 2023, the Company entered into an amended and restated credit agreement for a five-year, unsecured \$7.0 billion revolving credit facility, which will expire in May 2028. Interest on borrowings will be charged at the applicable reference rate or an alternative base rate as defined in the credit agreement based on the currency and type of the borrowing, plus an applicable margin 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, 2023, the Company was in compliance with all related covenants. This credit facility is maintained to ensure the integrity of the payment card settlement process and for general corporate purposes. As of September 30, 2023 and 2022, the Company had no amounts outstanding under the credit facility.

**Note 11—Pension and Other Postretirement Benefits**

*Defined Benefit and Other Postretirement Plans*

The Company sponsors 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. The Company's defined benefit pension and other postretirement benefit plans are actuarially evaluated, incorporating various assumptions such as the discount rate and the expected rate of return on plan assets. Disclosures below include U.S. pension plans and certain non-U.S. pension plans. The Company uses a September 30 measurement date for its pension and other postretirement benefit plans.

The U.S. pension plans are closed to new entrants and frozen. However, existing plan participants continue to earn interest credits on existing balances at the time of the freeze. Additionally, the Visa Europe plans are closed to new entrants. However, future benefits continue to accrue for active participants.

The funded status of the Company's defined benefit pension plans is substantially recorded in other assets on the consolidated balance sheets and is measured as the difference between the fair value of plan assets and the accumulated benefit obligation. As of September 30, 2023 and 2022, for U.S. pension plans, the fair value of plan assets was \$1.0 billion and \$960 million, respectively, accumulated benefit obligation was \$640 million and \$663 million, respectively, and the funded status was \$374 million and \$297 million, respectively. As of September 30, 2023 and 2022, for non-U.S. pension plans, the fair value of plan assets was \$317 million and \$327 million, respectively, accumulated benefit obligation was \$287 million and \$278 million, respectively, and funded status was \$30 million and \$49 million, respectively.

As of September 30, 2023 and 2022, the amount recognized in accumulated other comprehensive income (loss) before tax for U.S. pension plans was (\$82) million and (\$150) million, respectively. As of September 30, 2023 and 2022, the amount recognized in accumulated other comprehensive income (loss) before tax for non-U.S. pension plans was (\$87) million and (\$35) million, respectively.

*Defined Contribution Plan*

The Company sponsors a defined contribution plan, or 401(k) plan, that covers its employees residing in the U.S. In fiscal 2023, 2022 and 2021, personnel expenses included \$192 million, \$161 million, and \$141 million,

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respectively, 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. For fiscal 2023, the Company's maximum daily settlement exposure was \$126.9 billion and the average daily settlement exposure was \$77.1 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. The Company held the following collateral to manage settlement exposure:

	September 30,	
	2023	2022
	(in millions)	
Restricted cash	\$ 3,005	\$ 2,342
Pledged securities	411	213
Letters of credit	1,738	1,582
Guarantees	1,047	950
<b>Total</b>	<b>\$ 6,201</b>	<b>\$ 5,087</b>

**Note 13—Derivative and Hedging Instruments**

As of September 30, 2023 and 2022, the aggregate notional amount of the Company's derivative contracts outstanding in its hedge program was \$11.0 billion and \$11.9 billion, respectively. As of September 30, 2023 and 2022, the aggregate notional amount of the derivative contracts not designated as hedging instruments was \$0.8 billion and \$1.5 billion, respectively.

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**September 30, 2023**

The following table shows the Company's derivative instruments at gross fair value:

Balance Sheet Location	September 30,	
	2023	2022 <sup>(1)</sup>
(in millions)		
<b>Assets</b>		
<b>Designated as Hedging Instrument:</b>		
Foreign exchange forward contracts	Prepaid expenses and other current assets	\$ 100 \$ 718
Cross-currency swaps	Other assets	\$ 178 \$ 378
<b>Not Designated as Hedging Instrument:</b>		
Foreign exchange forward contracts	Prepaid expenses and other current assets	\$ 15 \$ 35
<b>Liabilities</b>		
<b>Designated as Hedging Instrument:</b>		
Foreign exchange forward contracts	Accrued liabilities	\$ 66 \$ 49
Interest rate swaps	Other liabilities	\$ 314 \$ 322
<b>Not Designated as Hedging Instrument:</b>		
Foreign exchange forward contracts	Accrued liabilities	\$ 16 \$ 47

<sup>(1)</sup> The fiscal 2022 amounts have been revised to conform to the fiscal 2023 presentation.

For fiscal 2023, 2022 and 2021, the Company recognized an increase (decrease) in earnings related to excluded forward points from forward contracts designated as net investment hedges and interest differentials from swap agreements of (\$25) million, \$151 million and \$156 million, respectively.

*Cash flow hedges.* For fiscal 2023 and 2022, the Company recognized pre-tax net gains (losses) from cash flow hedges in other comprehensive income (loss) of (\$126) million and \$190 million, respectively. The amount recognized in other comprehensive income (loss) was not material for fiscal 2021.

The Company estimates that \$46 million of pre-tax net gains related to cash flow hedges recorded in accumulated other comprehensive income (loss) as of September 30, 2023 will be reclassified into the consolidated statements of operations within the next 12 months.

*Net investment hedges.* For fiscal 2023, 2022 and 2021, the Company recognized pre-tax net gains (losses) in other comprehensive income (loss) related to net investment hedges of (\$445) million, \$845 million and \$20 million, respectively. As of September 30, 2023 and 2022, the Company designated €3.0 billion and €1.2 billion, respectively, of Euro notes, a non-derivative financial instrument, as a hedge against a portion of the Company's Euro-denominated net investment in Visa Europe.

*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, 2023, the Company has received collateral of \$91 million from counterparties, which is included in accrued liabilities on the consolidated balance sheets, and posted collateral of \$47 million, which is included in prepaid expenses and other current assets on 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, 2023, credit and market risks related to derivative instruments were not considered significant.

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**September 30, 2023**

**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,	
	2023	2022
	(in millions)	
U.S.	\$ 1,286	\$ 1,312
International	544	531
<b>Total</b>	<b>\$ 1,830</b>	<b>\$ 1,843</b>

Revenues by geographic market is primarily based on the location of the issuing financial institution. Net revenues earned in the U.S. were approximately 43%, 44% and 46% of total net revenues in fiscal 2023, 2022, and 2021, respectively. No individual country, other than the U.S., generated 10% or more of total net revenues in these years.

In fiscal 2023, 2022 and 2021, the Company had one client that accounted for 11%, 10% and 11% of its total net revenues, respectively.

**Note 15—Stockholders' Equity**

*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 were as follows:

	September 30,					
	2023			2022		
	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock <sup>(1)</sup>	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock <sup>(1)</sup>
	(in millions, except conversion rate)					
Series A preferred stock	— <sup>(2)</sup>	100.0000	7	— <sup>(2)</sup>	100.0000	16
Series B preferred stock	2	2.9370	7	2	2.9710	7
Series C preferred stock	3	3.6290	11	3	3.6450	12
Class A common stock	1,594	—	1,594	1,635	—	1,635
Class B common stock	245	1.5875 <sup>(3)</sup>	390	245	1.6059 <sup>(3)</sup>	394
Class C common stock	10	4.0000	38	10	4.0000	39
<b>Total</b>			<b>2,047</b>			<b>2,103</b>

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

<sup>(2)</sup> The number of shares outstanding was less than one million.

<sup>(3)</sup> 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.

*Series A preferred stock issuance.* In July 2022, the Company issued 176,655 shares of series A preferred stock in connection with the Sixth Anniversary Release. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

*Reduction in as-converted shares.* Under the terms of the U.S. retrospective responsibility plan, when the Company funds the U.S. litigation escrow account, the value of the Company's class B common stock is subject to dilution through a downward adjustment to the rate at which shares of class B common stock ultimately convert into shares of class A common stock. See Note 5—U.S. and Europe Retrospective Responsibility Plans.

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September 30, 2023

The following table presents the reduction in the number of as-converted class B common stock after deposits into the U.S. litigation escrow account under the U.S. retrospective responsibility plan for fiscal 2023 and 2022. There was no comparable adjustment recorded for class B common stock for fiscal 2021.

	For the Years Ended September 30,	
	2023	2022
	(in millions, except per share data)	
Reduction in equivalent number of class A common stock	5	4
Effective price per share <sup>(1)</sup>	\$ 221.33	\$ 205.06
Deposits into the U.S. litigation escrow account	\$ 1,000	\$ 850

<sup>(1)</sup> Effective price per share for the period represents the weighted-average price calculated using the effective prices per share of the respective adjustments made during the period. Effective price per share for each adjustment 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.

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, and is required to undertake periodic release assessments following the anniversary of the Visa Europe acquisition to determine if value should be released from the series B and C preferred stock. The recovery and any releases of value have 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 the number of as-converted series B and C preferred stock after the Company recovered VE territory covered losses through conversion rate adjustments and completed its Sixth Anniversary Release:

	For the Years Ended September 30,					
	2023		2022		2021	
	Series B	Series C	Series B	Series C	Series B	Series C
	(in millions, except per share data)					
Reduction in equivalent number of class A common stock	— <sup>(1)</sup>	— <sup>(1)</sup>	8	10	— <sup>(1)</sup>	— <sup>(1)</sup>
Effective price per share <sup>(2)</sup>	\$ 219.12	\$ 215.28	\$ 197.93	\$ 197.50	\$ 220.84	\$ 220.71
Recovery through conversion rate adjustment	\$ 19	\$ 11	\$ 135	\$ 6	\$ 35	\$ 20
Sixth Anniversary Release	\$ —	\$ —	\$ 1,510	\$ 1,982	\$ —	\$ —

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

<sup>(2)</sup> Effective price per share for the period represents the weighted-average price calculated using the effective price per share of the respective adjustments made during the period. Effective price per share for each adjustment 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.

*Common stock repurchases.* The following table presents share repurchases in the open market:

	For the Years Ended September 30,		
	2023	2022	2021
	(in millions, except per share data)		
Shares repurchased in the open market <sup>(1)</sup>	55	56	40
Average repurchase cost per share <sup>(2)</sup>	\$ 222.27	\$ 206.47	\$ 219.03
Total cost <sup>(2)</sup>	\$ 12,182	\$ 11,589	\$ 8,676

<sup>(1)</sup> Shares repurchased in the open market reflect repurchases that settled during fiscal 2023, 2022 and 2021. All shares repurchased in the open market have been retired and constitute authorized but unissued shares.

<sup>(2)</sup> Figures in the table may not recalculate exactly due to rounding. Average repurchase cost per share and total cost are calculated based on unrounded numbers and include applicable taxes.

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In December 2021, the Company's board of directors authorized a \$12.0 billion share repurchase program and in October 2022, authorized an additional \$12.0 billion share repurchase program (October 2022 Program). As of September 30, 2023, the Company's October 2022 Program had remaining authorized funds of \$5.0 billion. All share repurchase programs authorized prior to the October 2022 Program have been completed. In October 2023, the Company's board of directors authorized a new \$25.0 billion share repurchase program, providing multi-year flexibility. These authorizations have no expiration date.

*Dividends.* In fiscal 2023, 2022 and 2021, the Company declared and paid dividends of \$3.8 billion, \$3.2 billion and \$2.8 billion, respectively. On October 24, 2023, the Company's board of directors declared a quarterly cash dividend of \$0.52 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), payable on December 1, 2023, to all holders of record as of November 9, 2023.

*Class B common stock.* Under the current certificate of incorporation, 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*.

In September 2023, the Company announced that it was engaging with its common stockholders on the subject of potential amendments to the certificate of incorporation that, if proposed, approved and implemented, would authorize Visa to conduct an exchange offer program that would have the effect of releasing transfer restrictions on portions of Visa's Class B common stock prior to the final resolution of the U.S. covered litigation.

*Class C common stock.* There are no existing transfer restrictions on class C common stock.

*Preferred stock.* In connection with the Visa Europe acquisition, three 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.

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 certificate of incorporation). 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*.

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**September 30, 2023**

*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, (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, and (iii) the approval of certain amendments to the Company's certificate of incorporation, in which case class A, B and C common stockholders will vote as a separate class, including if such amendments affect the terms of class B or C common stock. In these cases, 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**September 30, 2023**

**Note 16—Earnings Per Share**

The following table presents earnings per share for fiscal 2023:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>
	(in millions, except per share data)					
Class A common stock	\$ 13,415	1,618	\$ 8.29	\$ 17,273	2,085 <sup>(3)</sup>	\$ 8.28
Class B common stock	3,254	245	\$ 13.26	3,251	245	\$ 13.24
Class C common stock	320	10	\$ 33.17	319	10	\$ 33.13
Participating securities	284	Not presented	Not presented	284	Not presented	Not presented
Net income	<u>\$ 17,273</u>					

The following table presents earnings per share for fiscal 2022:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>
	(in millions, except per share data)					
Class A common stock	\$ 11,569	1,651	\$ 7.01	\$ 14,957	2,136 <sup>(3)</sup>	\$ 7.00
Class B common stock	2,781	245	\$ 11.33	2,778	245	\$ 11.31
Class C common stock	280	10	\$ 28.03	280	10	\$ 28.00
Participating securities	327	Not presented	Not presented	326	Not presented	Not presented
Net income	<u>\$ 14,957</u>					

The following table presents earnings per share for fiscal 2021:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>	Income Allocation (A) <sup>(1)</sup>	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) <sup>(2)</sup>
	(in millions, except per share data)					
Class A common stock	\$ 9,527	1,691	\$ 5.63	\$ 12,311	2,188 <sup>(3)</sup>	\$ 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	<u>\$ 12,311</u>					

<sup>(1)</sup> The weighted-average number of shares of as-converted class B common stock used in the income allocation was 392 million, 397 million and 398 million for fiscal 2023, 2022 and 2021, respectively. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 39 million, 40 million and 42 million for fiscal 2023, 2022 and 2021, respectively. The weighted-average number of shares of preferred stock included within participating securities was 10 million, 8 million and 12 million of as-converted series A preferred stock for fiscal 2023, 2022 and 2021, respectively, 7 million, 14 million and 16 million of as-converted series B preferred stock for fiscal 2023, 2022 and 2021, respectively, and 11 million, 20 million and 22 million of as-converted series C preferred stock for fiscal 2023, 2022 and 2021, respectively.

<sup>(2)</sup> Figures in the table may not recalculate exactly due to rounding. Basic and diluted earnings per share are calculated based on unrounded numbers.

<sup>(3)</sup> 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 2023, 2022 and 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
September 30, 2023

**Note 17—Share-based Compensation**

***Equity Incentive Compensation Plan***

The Company's 2007 Amended and Restated Equity Incentive Compensation Plan (EIP) authorizes the compensation committee of the board of directors to grant non-qualified stock options (options), RSUs, performance-based shares and restricted stock awards to its employees and non-employee directors, for up to 198 million shares of class A common stock. Shares available for grant may be either authorized and unissued or previously issued shares subsequently acquired by the Company. Under the 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 2023, 2022 and 2021, the Company recorded share-based compensation cost related to the EIP of \$734 million, \$571 million and \$518 million, respectively, in personnel expense on its consolidated statements of operations. The related tax benefits for fiscal 2023, 2022 and 2021 were \$112 million, \$82 million and \$73 million, respectively.

*Options*

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

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,		
	2023	2022	2021
Expected term (in years) <sup>(1)</sup>	4.17	4.11	4.07
Risk-free rate of return <sup>(2)</sup>	4.0 %	1.1 %	0.3 %
Expected volatility <sup>(3)</sup>	28.6 %	27.1 %	25.1 %
Expected dividend yield <sup>(4)</sup>	0.8 %	0.7 %	0.6 %
Fair value per option granted	\$ 57.31	\$ 43.16	\$ 39.51

<sup>(1)</sup> Based on Visa's historical exercise experience.

<sup>(2)</sup> Based on the zero-coupon U.S. Treasury constant maturity yield curve, continuously compounded over the expected term of the awards.

<sup>(3)</sup> Based on the Company's implied and historical volatilities.

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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The following table summarizes the Company's option activity:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <sup>(1)</sup> (in millions)
Outstanding as of September 30, 2022	6,168,624	\$ 145.92		
Granted	798,017	\$ 211.09		
Forfeited	(32,358)	\$ 205.35		
Expired	(2,716)	\$ 191.77		
Exercised	(1,006,212)	\$ 98.54		
<b>Outstanding as of September 30, 2023</b>	<b>5,925,355</b>	<b>\$ 162.40</b>	<b>5.96</b>	<b>\$ 401</b>
Options exercisable as of September 30, 2023	4,241,861	\$ 144.75	5.01	\$ 362
Options exercisable and expected to vest as of September 30, 2023 <sup>(2)</sup>	5,884,022	\$ 162.07	5.94	\$ 400

<sup>(1)</sup> Calculated using the closing stock price on the last trading day of fiscal 2023 of \$230.01, less the option exercise price, multiplied by the number of instruments.

<sup>(2)</sup> Applied a forfeiture rate to unvested options outstanding as of September 30, 2023 to estimate the options expected to vest in the future.

During fiscal 2023, 2022 and 2021, the total intrinsic value of options exercised was \$134 million, \$56 million and \$124 million, respectively, and the tax benefit realized was \$28 million, \$11 million and \$23 million, respectively. As of September 30, 2023, there was \$25 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted-average period of approximately 0.38 year.

*Restricted Stock Units*

RSUs issued under the EIP primarily vest ratably over three 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 is calculated using the closing price of class A common stock on the date of grant. During fiscal 2023, 2022 and 2021, the weighted-average grant date fair value of RSUs granted was \$212.94, \$204.73 and \$209.00, respectively. During fiscal 2023, 2022 and 2021, the total grant date fair value of RSUs vested was \$486 million, \$380 million and \$331 million, respectively.

The following table summarizes the Company's RSU activity:

	Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <sup>(1)</sup> (in millions)
Outstanding as of September 30, 2022	5,794,320	\$ 203.23		
Granted	3,373,137	\$ 212.94		
Vested	(2,428,334)	\$ 200.33		
Forfeited	(321,726)	\$ 207.97		
<b>Outstanding as of September 30, 2023</b>	<b>6,417,397</b>	<b>\$ 209.19</b>	<b>0.96</b>	<b>\$ 1,476</b>

<sup>(1)</sup> Calculated by multiplying the closing stock price on the last trading day of fiscal 2023 of \$230.01 by the number of instruments.

As of September 30, 2023, there was \$745 million of total unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over a weighted-average period of approximately 0.96 year.

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*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.

The fair value of each performance-based shares incorporating the market condition was estimated on the date of grant using a Monte Carlo simulation model with the following weighted-average assumptions:

	For the Years Ended September 30,		
	2023	2022	2021
Expected term (in years)	2.15	2.05	2.00
Risk-free rate of return <sup>(1)</sup>	4.4 %	0.5 %	0.2 %
Expected volatility <sup>(2)</sup>	28.9 %	28.3 %	27.2 %
Expected dividend yield <sup>(3)</sup>	0.8 %	0.8 %	0.6 %
Fair value per performance-based share granted	\$ 221.32	\$ 186.50	\$ 229.81

<sup>(1)</sup> Based on the zero-coupon U.S. treasury constant maturity yield curve, continuously compounded over the expected term of the awards.

<sup>(2)</sup> Based on the Company's implied and historical volatilities.

<sup>(3)</sup> Based on the Company's annual dividend rate on the date of grant.

Performance-based shares vest over three years and are subject to earlier vesting in full under certain conditions. During fiscal 2023, 2022 and 2021, the total grant date fair value of performance-based shares vested and earned was \$44 million, \$49 million and \$47 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:

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <sup>(1)</sup> (in millions)
Outstanding as of September 30, 2022	834,196	\$ 199.92		
Granted <sup>(2)</sup>	551,818	\$ 221.32		
Vested and earned	(219,523)	\$ 201.70		
Unearned	(167,989)	\$ 194.42		
<b>Outstanding as of September 30, 2023</b>	<b>998,502</b>	<b>\$ 212.28</b>	<b>1.00</b>	<b>\$ 230</b>

<sup>(1)</sup> Calculated by multiplying the closing stock price on the last trading day of fiscal 2023 of \$230.01 by the number of instruments.

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

As of September 30, 2023, there was \$81 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 one year.

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**September 30, 2023**

**Note 18—Commitments**

The Company has software licenses throughout the world with varying expiration dates. As of September 30, 2023, future minimum payments on software licenses were as follows:

	For the Years Ending September 30,						Total
	2024	2025	2026	2027	2028	Thereafter	
	(in millions)						
Software licenses	\$ 85	\$ 33	\$ 5	\$ —	\$ —	\$ —	\$ 123

**Note 19—Income Taxes**

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

	For the Years Ended September 30,		
	2023	2022	2021
	(in millions)		
U.S.	\$ 13,339	\$ 11,051	\$ 11,002
Non-U.S.	7,698	7,085	5,061
<b>Total income before income taxes</b>	<b>\$ 21,037</b>	<b>\$ 18,136</b>	<b>\$ 16,063</b>

For fiscal 2023, 2022 and 2021, U.S. income before income taxes included \$4.2 billion, \$3.6 billion, and \$3.1 billion, respectively, 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,		
	2023	2022	2021
	(in millions)		
<b>Current:</b>			
U.S. federal	\$ 2,630	\$ 2,166	\$ 1,943
State and local	293	104	69
Non-U.S.	1,324	1,245	869
<b>Total current taxes</b>	<b>4,247</b>	<b>3,515</b>	<b>2,881</b>
<b>Deferred:</b>			
U.S. federal	(339)	(231)	(57)
State and local	(1)	(77)	(28)
Non-U.S.	(143)	(28)	956
<b>Total deferred taxes</b>	<b>(483)</b>	<b>(336)</b>	<b>871</b>
<b>Total income tax provision</b>	<b>\$ 3,764</b>	<b>\$ 3,179</b>	<b>\$ 3,752</b>

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**September 30, 2023**

The following table presents the components of deferred tax assets and liabilities:

	September 30,	
	2023	2022
	(in millions)	
<b>Deferred Tax Assets:</b>		
Accrued compensation and benefits	\$ 212	\$ 172
Accrued litigation obligation	365	331
Client incentives	630	442
Net operating loss carryforwards	232	117
Comprehensive loss	72	21
Federal benefit of state taxes	125	133
Other	66	71
Valuation allowance	(149)	(120)
<b>Deferred tax assets</b>	<b>1,553</b>	<b>1,167</b>
<b>Deferred Tax Liabilities:</b>		
Property, equipment and technology, net	(350)	(450)
Intangible assets	(6,063)	(5,788)
Unrealized gains on equity securities	(103)	(124)
Foreign taxes	(25)	(50)
<b>Deferred tax liabilities</b>	<b>(6,541)</b>	<b>(6,412)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (4,988)</b>	<b>\$ (5,245)</b>

As of September 30, 2023 and 2022, net deferred tax assets of \$126 million and \$87 million, respectively, were 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 2023 and 2022 valuation allowances relate primarily to foreign net operating losses from subsidiaries acquired in recent years.

As of September 30, 2023, the Company had \$1.0 billion of foreign net operating loss carryforwards, which may be carried forward indefinitely.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**September 30, 2023**

The following table presents a reconciliation of the income tax provision to the amount of income tax determined by applying the U.S. federal statutory income tax rate to income before income taxes:

	For the Years Ended September 30,					
	2023		2022		2021	
	(in millions, except percentages)					
U.S. federal income tax at statutory rate	\$ 4,418	21 %	\$ 3,809	21 %	\$ 3,373	21 %
State income taxes, net of federal benefit	245	1 %	216	1 %	222	1 %
Non-U.S. tax effect, net of federal benefit	(758)	(3 %)	(588)	(3 %)	(505)	(3 %)
Remeasurement of deferred tax balances	—	— %	—	— %	1,007	6 %
Reassessment of an uncertain tax position	(142)	(1 %)	—	— %	—	— %
Conclusion of audits	—	— %	—	— %	(255)	(2 %)
State tax apportionment position	—	— %	(176)	(1 %)	—	— %
Other, net	1	— %	(82)	— %	(90)	— %
<b>Income tax provision</b>	<b>\$ 3,764</b>	<b>18 %</b>	<b>\$ 3,179</b>	<b>18 %</b>	<b>\$ 3,752</b>	<b>23 %</b>

In fiscal 2023 and fiscal 2022, the effective income tax rates were 18% including the following:

- during fiscal 2023, a \$142 million tax benefit related to prior years due to the reassessment of an uncertain tax position as a result of new information obtained during an ongoing tax examination; and
- during fiscal 2022, a \$176 million tax benefit related to prior years due to a decrease in the state apportionment ratio as a result of a tax position taken related to a ruling.

In fiscal 2022 and fiscal 2021, the effective income tax rates were 18% and 23%, respectively. The effective income tax rate in fiscal 2022 differs from the effective income tax rate in fiscal 2021 primarily due to the following:

- during fiscal 2022, a \$176 million tax benefit related to prior years due to a decrease in the state apportionment ratio as a result of a tax position taken related to a ruling;
- during fiscal 2021, a \$1.0 billion non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities as a result of the increase in UK tax rate from 19% to 25%, effective April 1, 2023; and
- during fiscal 2021, \$255 million of tax benefits recognized as a result of the conclusion of audits by taxing authorities.

As of September 30, 2023 and 2022, current income taxes receivable of \$206 million and \$190 million, respectively, were included in prepaid expenses and other current assets; non-current income taxes receivable of \$961 million and \$1.0 billion, respectively, were included in other assets; income taxes payable of \$1.5 billion and \$365 million, respectively, were included in accrued liabilities; and accrued income taxes of \$1.9 billion and \$2.3 billion, respectively, were included in other liabilities on the consolidated balance sheets.

The Company's operating hub in the Asia Pacific region is located in Singapore. It was subject to a tax incentive, effective October 1, 2008 through September 30, 2023, conditional upon meeting certain business operations and employment thresholds in Singapore. In fiscal 2023, 2022 and 2021, the tax incentive decreased Singapore tax by \$468 million, \$362 million and \$273 million, and the gross benefit of the tax incentive on diluted earnings per share was \$0.22, \$0.17 and \$0.12, respectively.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
September 30, 2023

As of September 30, 2023, 2022 and 2021, the Company's total gross unrecognized tax benefits were \$3.5 billion, \$2.7 billion and \$2.5 billion, respectively, exclusive of interest and penalties described below. Included in the \$3.5 billion, \$2.7 billion and \$2.5 billion are \$1.6 billion, \$1.3 billion and \$1.3 billion of unrecognized tax benefits, respectively, that if recognized, would reduce the effective tax rate in a future period.

The following table presents a reconciliation of beginning and ending unrecognized tax benefits by fiscal year:

	2023	2022	2021
	(in millions)		
Balance as of beginning of period	\$ 2,683	\$ 2,488	\$ 2,579
Increase in unrecognized tax benefits related to prior years	515	10	34
Decrease in unrecognized tax benefits related to prior years	(190)	(143)	(386)
Increase in unrecognized tax benefits related to current year	510	350	326
Decrease related to settlements with taxing authorities	(17)	(19)	(63)
Reduction related to lapsing statute of limitations	(4)	(3)	(2)
<b>Balance as of end of period</b>	<b>\$ 3,497</b>	<b>\$ 2,683</b>	<b>\$ 2,488</b>

The increases in unrecognized tax benefits include refund claims filed during the year, an increase in gross timing differences, and various tax positions across several jurisdictions. The decrease in unrecognized tax benefits primarily includes the reassessment of an uncertain tax position as a result of new information obtained during an ongoing tax examination, as mentioned above.

In fiscal 2023, 2022 and 2021, the Company recognized \$34 million, \$15 million and \$1 million of net interest expense, respectively, related to uncertain tax positions. In fiscal 2023 and 2021, the Company accrued no significant penalties and in fiscal 2022, the Company reversed accrued penalties of \$31 million related to uncertain tax positions. As of September 30, 2023 and 2022, the Company had accrued interest of \$271 million and \$238 million, respectively, and no significant accrued penalties related to uncertain tax positions.

The Company's U.S. federal income tax returns for fiscal 2016 through 2018 are currently under examination. For fiscal 2008 through 2015, one unresolved issue related to an income tax deduction remains. During fiscal 2022, the Company completed the administrative appeals process for this issue without reaching a settlement with the Internal Revenue Service. The Company is evaluating its next steps. Except for the unresolved issue, the federal statute of limitations has expired for fiscal years prior to 2016.

The Company's California income tax returns for fiscal 2012 through 2015 are currently under examination and refund claims filed for fiscal 2006 through 2011 are currently under administrative appeal. Except for the refund claims, the California statute of limitations has expired for fiscal years prior to 2012.

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 2021 and made certain adjustments. The Company objected to these adjustments and filed appeals to the appellate authorities.

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. However, it is reasonably possible that the Company's net unrecognized tax benefits could decrease by approximately \$400 million in the next 12 months.

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**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. For those proceedings where a loss is determined to be only reasonably possible or probable but not estimable, the Company has disclosed the nature of the claim. Additionally, unless otherwise disclosed below with respect to these proceedings, the Company cannot provide an estimate of the possible loss or range of loss. 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.

The following table summarizes the activity related to accrued litigation:

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Balance as of beginning of period	\$ 1,456	\$ 983
Provision for uncovered legal matters	21	6
Provision for covered legal matters	1,024	885
Payments for legal matters	(750)	(418)
<b>Balance as of end of period</b>	<b>\$ 1,751</b>	<b>\$ 1,456</b>

**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 Company's 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 *U.S. Covered Litigation* and *Note 5—U.S. and Europe Retrospective Responsibility Plans*.

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

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Balance as of beginning of period	\$ 1,441	\$ 881
Provision for interchange multidistrict litigation	906	861
Payments for U.S. covered litigation	(726)	(301)
<b>Balance as of end of period</b>	<b>\$ 1,621</b>	<b>\$ 1,441</b>

During fiscal 2023, the Company recorded additional accruals of \$906 million and deposited \$1.0 billion into the U.S. litigation escrow account to address claims of certain merchants who opted out of the Amended Settlement Agreement (as described herein). The accrual balance is consistent with the Company's best estimate of its share of a probable and reasonably estimable loss with respect to the U.S. covered litigation. While this estimate is consistent with the Company's view of the current status of the litigation, the probable and reasonably estimable loss or range of such loss could materially vary based on developments in the litigation. The Company will continue

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to consider and reevaluate this estimate in light of the substantial uncertainties with respect to the litigation. The Company is unable to estimate a potential loss or range of loss, if any, at trial if negotiated resolutions cannot be reached.

**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:

	For the Years Ended September 30,	
	2023	2022
	(in millions)	
Balance as of beginning of period	\$ 11	\$ 102
Provision for VE territory covered litigation	118	24
Payments for VE territory covered litigation	(19)	(115)
<b>Balance as of end of period</b>	<b>\$ 110</b>	<b>\$ 11</b>

**U.S. Covered Litigation**

*Interchange Multidistrict Litigation (MDL) – 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 (Court) 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 (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.

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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 (Amended Settlement Agreement). 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.

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, 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, approximately \$467 million, was deposited into the U.S. litigation escrow account. On March 15, 2023, the U.S. Court of Appeals for the Second Circuit affirmed the final approval of the Amended Settlement Agreement by the district court. On August 3, 2023, the district court entered an order appointing a special master to resolve matters arising out of or relating to the Amended Settlement Agreement’s plan of administration.

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 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.

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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, 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 72% 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 and July 14, 2023, 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. On October 9, 2022, defendants' motion for summary judgment regarding damages for EMV-related chargebacks was denied.

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.

*Consumer Interchange Litigation*

On December 30, 2022, a putative class action was filed in California state court against Visa, Mastercard, and certain financial institutions on behalf of all Visa and Mastercard cardholders in California who made a purchase using a Visa-branded or Mastercard-branded payment card in California from January 1, 2004. Plaintiffs primarily allege a conspiracy to fix interchange fees and seek injunctive relief, attorneys' fees and damages as direct and indirect purchasers based on alleged violations of California law. On January 11, 2023, plaintiffs filed an amended complaint asserting the same claims as asserted in the prior complaint. On January 30, 2023, Visa removed the action to federal court, and the Judicial Panel on Multidistrict Litigation subsequently issued an order transferring the case to MDL 1720. On June 15, 2023, plaintiffs' motion to remand the case to California state court was denied, and plaintiffs appealed. On July 28, 2023, defendants filed a motion to dismiss that appeal, which was granted on November 14, 2023.

*VE Territory Covered Litigation*

*Europe Merchant Litigation*

Since July 2013, proceedings have been commenced by more than 1,150 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) against Visa Europe, Visa Inc. and other Visa subsidiaries in the UK and other countries, 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 has settled the claims asserted by over 175 Merchants, and there are approximately 900 Merchants with outstanding claims. In addition, over 30 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 they may also bring similar claims, and the Company anticipates additional claims in the future.

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A trial took place from November 2016 to March 2017, relating to claims asserted by 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 restrict competition, 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 one Merchant's claims.

On November 26, 2021, with respect to certain pending Merchant claims, the UK Competition Appeal Tribunal (CAT) found that UK and certain other domestic and intra-European Economic Area consumer interchange fees before the introduction of the Interchange Fee Regulation (IFR) were a restriction of competition, but that the question of whether those fees, along with inter-European Economic Area fees, are a restriction of competition after the introduction of the IFR would need to be resolved at trial. Whether any interchange fees are exempt from the finding of restriction under applicable law and the assessment of damages, if any, will also need to be considered at trial. On October 4, 2022, the UK Court of Appeal affirmed the CAT's ruling.

On June 1, 2022, two class action claims were filed against Visa with the CAT on behalf of UK businesses that accepted Visa-branded payment cards at any time since June 1, 2016, alleging that UK domestic, intra-European Economic Area, and inter-regional interchange fees on commercial credit cards, and inter-regional interchange fees on consumer cards, are anti-competitive. The Europe retrospective responsibility plan covers liabilities and losses relating to the covered period, which generally refers to the period before the closing of the Visa Europe acquisition. On June 8, 2023, the UK Competition Appeal Tribunal denied class certification in the two class action claims.

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*

*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. On July 25, 2023, the U.S. Court of Appeals for the District of Columbia affirmed the district court's class certification decision, and on September 27, 2023, defendants' petition for rehearing en banc was denied.

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*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 August 4, 2021, the district court granted plaintiffs' motion for class certification in each case. On August 8, 2022, in the case in which the three financial institutions were named, the district court granted plaintiffs' motion for final approval of a class action settlement with those institutions and entered final judgments of dismissal as to those institutions. On July 25, 2023, the U.S. Court of Appeals for the District of Columbia affirmed the district court's class certification decision, and on September 27, 2023, defendants' petition for rehearing en banc was denied.

*U.S. Department of Justice Civil Investigative Demand (2012)*

On March 13, 2012, the Antitrust Division of the United States Department of Justice (Division) issued a Civil Investigative Demand (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 focused on PIN-Authenticated Visa Debit and Visa's competitive responses to the Dodd-Frank Act, including Visa's fixed acquirer network fee. Visa has cooperated 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, alleging that Visa has, among other things, monopolized and attempted to monopolize debit card network services markets. On August 29, 2022, Pulse filed an amended complaint, which makes similar allegations and seeks unspecified treble damages, attorneys' fees and injunctive relief, including to enjoin the fixed acquirer network fee structure, and Visa's agreements relating to debit with issuers, acquirers and merchants.

*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 "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. On November 30, 2022, Visa, jointly with other defendants, served a motion for summary judgment regarding the claims in the amended complaint and a motion to decertify the class.

*Federal Trade Commission Civil Investigative Demand*

On November 4, 2019, the Bureau of Competition of the United States Federal Trade Commission (Bureau) requested that Visa provide, on a voluntary basis, documents and information relating to 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 (FTC) issued a CID to Visa requesting additional documents and information. Visa has cooperated with the FTC in connection with the CID.

*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

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various competition laws. Euronet sought damages, costs, and injunctive relief to prevent the defendants from enforcing these rules. Visa reached a settlement with Euronet, and the claim against Visa has been dismissed.

*European Commission Staged Digital Wallets Investigation*

On June 26, 2020, the European Commission (EC) informed Visa that it opened a preliminary investigation into Visa's rules regarding staged digital wallets. On February 16, 2023, the EC notified Visa that the investigation has been closed.

*German ATM Litigation*

Beginning in December 2021, Visa was served with claims in Germany brought by German banks against Visa Europe and Visa Inc. The banks claim that Visa's ATM rules prohibiting the charging of access fees on domestic cash withdrawals are anti-competitive, and the majority seek damages. Visa has filed challenges to the jurisdiction of the German courts to hear these claims, one of which was denied and one of which was granted as to Visa Europe.

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

On March 26, 2021, June 11, 2021, January 4, 2023, and May 2, 2023, the Antitrust Division of the U.S. Department of Justice (the Division) issued CIDs 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 CIDs focus on U.S. debit and competition with other payment methods and networks. Visa is cooperating with the Division in connection with the investigation.

*Foreign Currency Exchange Rate Litigation*

Following an initial class action complaint filed on July 9, 2021, an amended class action complaint was filed on December 6, 2021 against Visa in the U.S. District Court for the Northern District of California by several individuals on behalf of a purported nationwide class, and/or purported California, Washington, Massachusetts or New Jersey subclasses, of cardholders who conducted a transaction in a foreign currency. The amended complaint asserted claims for unjust enrichment and restitution as well as violations of the California Unfair Competition Law, the Washington Consumer Protection Act, the Massachusetts Consumer Protection Act, and the New Jersey Consumer Fraud Act. On December 21, 2022, plaintiffs filed a third amended complaint asserting the same claims. On August 30, 2023, the court granted Visa's motion to dismiss with prejudice and directed the clerk to close the case.

*European Commission Client Incentive Agreements Investigation*

On December 2, 2022, the EC informed Visa that it had opened a preliminary investigation into Visa's incentive agreements with clients. Visa is cooperating with the EC in connection with the investigation.

**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 (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, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

*Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2023 using the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on management's assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2023.

The effectiveness of our internal control over financial reporting as of September 30, 2023, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included in *Item 8* of this report.

*Inherent Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting*

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 and instances of fraud. 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. Projections of any evaluation of effectiveness to future periods are subject to the risks discussed in *Part I, Item 1A—Risk Factors* 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 changes in our internal controls over financial reporting that occurred during our fourth quarter of fiscal 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. Other Information***(b) Trading Plans.*

None

**ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

### PART III

#### **ITEM 10. Directors, Executive Officers and Corporate Governance**

We will file a definitive proxy statement pursuant to Regulation 14A under the Exchange Act (Proxy Statement) no later than 120 days after the end of the fiscal year ended September 30, 2023. The information required by this item will be included in our Proxy Statement and is incorporated herein by reference.

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 *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](mailto:corporatesecretary@visa.com).

#### **ITEM 11. Executive Compensation**

The information required by this item will be included in our Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be included in our Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be included in our Proxy Statement and is incorporated herein by reference.

#### **ITEM 14. Principal Accountant Fees and Services**

The information required by this Item will be included in our Proxy Statement and is incorporated herein by reference.

## 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* 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.

### ITEM 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File Number	Exhibit Number	Filing Date
2.1	<u>Amended and Restated Transaction Agreement, dated as of May 10, 2016, between Visa Inc. and Visa Europe Limited #</u>	8-K	001-33977	2.1	5/10/2016
3.1	<u>Seventh Restated Certificate of Incorporation of Visa Inc.</u>	8-K	001-33977	3.1	1/27/2021
3.2	<u>Amended and Restated Bylaws of Visa Inc.</u>	8-K	001-33977	3.2	8/5/2022
4.1	<u>Form of stock certificate of Visa Inc.</u>	S-4/A	333-143966	4.1	9/13/2007
4.2	<u>Form of specimen certificate for class B common stock of Visa Inc.</u>	8-A	000-53572	4.1	1/28/2009
4.3	<u>Form of specimen certificate for class C common stock of Visa Inc.</u>	8-A	000-53572	4.2	1/28/2009
4.4	<u>Certificate of Designations of Series A Convertible Participating Preferred Stock of Visa Inc.</u>	8-K	001-33977	3.1	6/21/2016
4.5	<u>Certificate of Designations of Series B Convertible Participating Preferred Stock of Visa Inc.</u>	8-K	001-33977	3.2	6/21/2016
4.6	<u>Certificate of Designations of Series C Convertible Participating Preferred Stock of Visa Inc.</u>	8-K	001-33977	3.3	6/21/2016
4.7	<u>Indenture dated December 14, 2015 between Visa Inc. and U.S. Bank National Association</u>	8-K	001-33977	4.1	12/14/2015
4.8	<u>Form of 3.150% Senior Note due 2025</u>	8-K	001-33977	4.5	12/14/2015
4.9	<u>Form of 1.500% Senior Note due 2026</u>	8-K	001-33977	4.1	6/1/2022
4.10	<u>Form of 0.750% Senior Note due 2027</u>	8-K	001-33977	4.1	8/17/2020
4.11	<u>Form of 1.900% Senior Note due 2027</u>	8-K	001-33977	4.1	4/2/2020
4.12	<u>Form of 2.750% Senior Note due 2027</u>	8-K	001-33977	4.2	9/11/2017
4.13	<u>Form of 2.000% Senior Note due 2029</u>	8-K	001-33977	4.2	6/1/2022
4.14	<u>Form of 2.050% Senior Note due 2030</u>	8-K	001-33977	4.2	4/2/2020
4.15	<u>Form of 1.100% Senior Note due 2031</u>	8-K	001-33977	4.2	8/17/2020
4.16	<u>Form of 2.375% Senior Note due 2034</u>	8-K	001-33977	4.3	6/1/2022
4.17	<u>Form of 4.150% Senior Note due 2035</u>	8-K	001-33977	4.6	12/14/2015
4.18	<u>Form of 2.700% Senior Note due 2040</u>	8-K	001-33977	4.3	4/2/2020
4.19	<u>Form of 4.300% Senior Note due 2045</u>	8-K	001-33977	4.7	12/14/2015
4.20	<u>Form of 3.650% Senior Note due 2047</u>	8-K	001-33977	4.3	9/11/2017
4.21	<u>Form of 2.000% Senior Note due 2050</u>	8-K	001-33977	4.3	8/17/2020
4.22+	<u>Description of Securities</u>				
10.1	<u>Form of Indemnity Agreement</u>	10-Q	001-33977	10.1	1/31/2020

10.2	<u>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.</u>	S-4/A	333-143966	Annex A	9/13/2007
10.3	<u>Form of Escrow Agreement by and among Visa Inc., Visa U.S.A. Inc. and the escrow agent</u>	S-4	333-143966	10.15	6/22/2007
10.4	<u>Form of Framework Agreement by and among Visa Inc., Visa Europe Limited, Inovant LLC, Visa International Services Association and Visa U.S.A. Inc. †</u>	S-4/A	333-143966	10.17	7/24/2007
10.5	<u>Amended and Restated Five Year Revolving Credit Agreement, dated as of May 31, 2023, 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 #</u>	10-Q	001-33977	10.1	07/26/2023
10.6	<u>Form of Interchange Judgment Sharing Agreement by and among Visa International Service Association and Visa U.S.A. Inc., and the other parties thereto †</u>	S-4/A	333-143966	10.13	7/24/2007
10.7	<u>Interchange Judgment Sharing Agreement Schedule</u>	8-K	001-33977	10.2	2/8/2011
10.8	<u>Amendment of Interchange Judgment Sharing Agreement</u>	10-K	001-33977	10.10	11/20/2015
10.9	<u>Form of Loss Sharing Agreement by and among Visa U.S.A. Inc., Visa International Service Association, Visa Inc. and various financial institutions</u>	S-4/A	333-143966	10.14	7/24/2007
10.10	<u>Loss Sharing Agreement Schedule</u>	8-K	001-33977	10.1	2/8/2011
10.11	<u>Amendment of Loss Sharing Agreement</u>	10-K	001-33977	10.13	11/20/2015
10.12	<u>Form of Litigation Management Agreement by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc. and the other parties thereto</u>	S-4/A	333-143966	10.18	8/22/2007
10.13	<u>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</u>	8-K	001-33977	10.2	7/16/2012
10.14	<u>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</u>	10-K	001-33977	10.14	11/21/2014
10.15	<u>Second Amendment, dated October 22, 2015, to Omnibus Agreement regarding Interchange Litigation Judgment Sharing and Settlement Sharing</u>	10-K	001-33977	10.17	11/20/2015

10.16	<u>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</u>	10-Q	001-33977	10.3	2/6/2013
10.17	<u>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</u>	8-K	001-33977	10.1	9/18/2018
10.18	<u>Loss Sharing Agreement, dated as of November 2, 2015, among the UK Members listed on Schedule 1 thereto, Visa Inc. and Visa Europe Limited</u>	8-K	001-33977	10.1	11/2/2015
10.19	<u>Litigation Management Deed, dated as of June 21, 2016, by and among the VE Member Representative, Visa Inc., the LMC Appointing Members, the UK&amp;I DCC Appointing Members, the Europe DCC Appointing Members and the UK&amp;I DCC Interested Members</u>	8-K	001-33977	10.1	6/21/2016
10.20*	<u>Visa 2005 Deferred Compensation Plan, effective as of August 12, 2015</u>	10-K	001-33977	10.21	11/20/2015
10.21*	<u>Visa Directors Deferred Compensation Plan, as amended and restated as of July 22, 2014</u>	10-K	001-33977	10.17	11/21/2014
10.22*	<u>Visa Inc. 2007 Equity Incentive Compensation Plan, amended and restated as of January 26, 2021</u>	8-K	001-33977	10.22	1/27/2021
10.23*	<u>Visa Inc. Incentive Plan, as amended and restated as of July 18, 2022</u>	10-Q	001-33977	10.1	7/28/2022
10.24*	<u>Visa Excess Thrift Plan, as amended and restated as of January 1, 2008</u>	10-K	001-33977	10.31	11/21/2008
10.25*	<u>Visa Excess Retirement Benefit Plan, as amended and restated as of January 1, 2008</u>	10-K	001-33977	10.32	11/21/2008
10.26*	<u>First Amendment, effective January 1, 2011, of the Visa Excess Retirement Benefit Plan, as amended and restated as of January 1, 2008</u>	10-K	001-33977	10.34	11/18/2011
10.27*	<u>Visa Inc. Executive Severance Plan, effective as of January 1, 2022</u>	10-Q	001-33977	10.8	1/28/2022
10.28+*	<u>Visa Executive Officer Cash Severance Policy, effective as of November 6, 2023</u>				
10.29+*	<u>Visa Inc. Clawback Policy, as amended and restated November 1, 2023</u>				
10.30*	<u>Visa Inc. 2015 Employee Stock Purchase Plan</u>	DEF 14A	001-33977	Appendix B	12/12/2014

10.31*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2014</u>	10-K	001-33977	10.40	11/21/2014
10.32*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2015</u>	10-Q	001-33977	10.1	1/28/2016
10.33*	<u>Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2015</u>	10-K	001-33977	10.34	11/18/2021
10.34*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2017</u>	10-Q	001-33977	10.1	2/1/2018
10.35*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2018</u>	10-Q	001-33977	10.1	1/31/2019
10.36*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for the CEO for awards granted after November 1, 2018</u>	10-Q	001-33977	10.2	1/31/2019
10.37*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for the CEO for awards granted after November 1, 2018</u>	10-Q	001-33977	10.3	1/31/2019
10.38*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for the CEO for awards granted after November 1, 2018</u>	10-Q	001-33977	10.4	1/31/2019
10.39*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2018</u>	10-Q	001-33977	10.5	1/31/2019
10.40*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2018</u>	10-Q	001-33977	10.6	1/31/2019
10.41*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2018</u>	10-Q	001-33977	10.7	1/31/2019
10.42*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after January 1, 2021</u>	10-K	001-33977	10.44	11/18/2021
10.43*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for the CEO for awards granted after November 1, 2021</u>	10-Q	001-33977	10.2	1/28/2022
10.44*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for the CEO for awards granted after November 1, 2021</u>	10-Q	001-33977	10.3	1/28/2022

10.45*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for the CEO for awards granted after November 1, 2021</u>	10-Q	001-33977	10.4	1/28/2022
10.46*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2021</u>	10-Q	001-33977	10.5	1/28/2022
10.47*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2021</u>	10-Q	001-33977	10.6	1/28/2022
10.48*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2021</u>	10-Q	001-33977	10.7	1/28/2022
10.49*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after January 23, 2023</u>	10-Q	001-33977	10.1	4/27/2023
10.50*	<u>Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after January 23, 2023</u>	10-Q	001-33977	10.2	4/27/2023
10.51*	<u>Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after January 23, 2023</u>	10-Q	001-33977	10.3	4/27/2023
10.52*	<u>Form of Amendment Notification to Stock Option and Performance Share Award Holders</u>	10-Q	001-33977	10.4	4/27/2023
10.53*	<u>Offer Letter and One-Time Cash Award Agreement, dated June 13, 2023, between Visa Inc. and Chris Suh</u>	8-K	001-33977	99.2	06/20/2023
10.54*	<u>Amended and Restated Aircraft Time Sharing Agreement, effective November 1, 2019, between Visa Inc. and Alfred F. Kelly, Jr.</u>	10-K	001-33977	10.48	11/13/2019
10.55*	<u>First Amendment to Amended and Restated Aircraft Time Sharing Agreement, dated January 30, 2023, between Visa and Alfred F. Kelly, Jr.</u>	10-Q	001-33977	10.5	4/27/2023
10.56*	<u>Aircraft Time Sharing Agreement, effective January 30, 2023, between Visa and Ryan McInerney</u>	10-Q	001-33977	10.6	4/27/2023
21.1+	<u>List of Significant Subsidiaries of Visa Inc.</u>				
23.1+	<u>Consent of KPMG LLP, Independent Registered Public Accounting Firm</u>				
31.1+	<u>Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer</u>				
31.2+	<u>Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer</u>				
32.1+	<u>Section 1350 Certification of Principal Executive and Financial Officer</u>				

- 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/ Ryan McInerney
Name:	Ryan McInerney
Title:	Chief Executive Officer
Date:	November 15, 2023

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>
<u>/s/ Ryan McInerney</u> Ryan McInerney	Chief Executive Officer and Director (Principal Executive Officer)	November 15, 2023
<u>/s/ Chris Suh</u> Chris Suh	Chief Financial Officer (Principal Financial Officer)	November 15, 2023
<u>/s/ Peter M. Andreski</u> Peter M. Andreski	Global Corporate Controller, Chief Accounting Officer (Principal Accounting Officer)	November 15, 2023
<u>/s/ Alfred F. Kelly, Jr.</u> Alfred F. Kelly, Jr.	Executive Chairman	November 15, 2023
<u>/s/ John F. Lundgren</u> John F. Lundgren	Lead Independent Director	November 15, 2023
<u>/s/ Lloyd A. Carney</u> Lloyd A. Carney	Director	November 15, 2023
<u>/s/ Kermit R. Crawford</u> Kermit R. Crawford	Director	November 15, 2023
<u>/s/ Francisco Javier Fernández-Carbajal</u> Francisco Javier Fernández-Carbajal	Director	November 15, 2023
<u>/s/ Ramon Laguarda</u> Ramon Laguarda	Director	November 15, 2023
<u>/s/ Teri L. List</u> Teri L. List	Director	November 15, 2023
<u>/s/ Denise M. Morrison</u> Denise M. Morrison	Director	November 15, 2023
<u>/s/ Pamela Murphy</u> Pamela Murphy	Director	November 15, 2023
<u>/s/ Linda J. Rendle</u> Linda J. Rendle	Director	November 15, 2023
<u>/s/ Maynard G. Webb, Jr.</u> Maynard G. Webb, Jr.	Director	November 15, 2023

**DESCRIPTION OF SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

The following summary describes our class A common stock, par value \$0.0001 per share, class B common stock, par value \$0.0001 per share, and class C common stock, par value \$0.0001 per share, of Visa Inc., (the "Company"), which are the only securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

**DESCRIPTION OF COMMON STOCK**

The following summary describes the material terms of our common stock and is not complete. This summary is qualified in its entirety by reference to applicable Delaware law, our Certificate of Incorporation and our amended and restated bylaws (our "Bylaws"). For a complete description of our common stock, we refer you to our Certificate of Incorporation and Bylaws, which have been filed with the SEC and are incorporated by reference as exhibits to this Annual Report on Form 10-K.

**Authorized Capitalization**

Our authorized common stock consists of:

- 2,001,622,245,209 shares of class A common stock, par value \$0.0001 per share;
- 622,245,209 shares of class B common stock, par value \$0.0001 per share;
- 1,097,165,602 shares of class C common stock, par value \$0.0001 per share; and
- 25,000,000 shares of preferred stock, par value \$0.0001 per share.

The number of authorized shares of any preferred stock, class A common stock, class B common stock or class C common stock may be increased or decreased (but not below the number of shares of that class then outstanding) by the affirmative vote of the holders of a majority in voting power of our stock entitled to vote thereon, and no vote or action by the holders of any of the preferred stock, class A common stock, class B common stock or class C common stock, voting separately as a class, is required for any such increase or decrease.

**Description of Common Stock**

*Voting Rights.* Each holder of class A common stock has the right to cast one vote for each share of class A common stock held of record by such holder on all matters on which our stockholders generally are entitled to vote.

Each holder of class B common stock and each holder of class C common stock has no right to vote on any matters on which stockholders generally are entitled to vote. However, in addition to any other vote required by law, for so long as any shares of class B common stock or class C common stock remain issued and outstanding:

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- the affirmative vote of the holders of a majority of the voting power of the class B common stock and class C common stock, voting together as a single class (in which vote the class A common stock will not participate) separate from all other classes or series of our capital stock, on an “as-converted basis” as described in the following paragraph, is required for the approval of any consolidation, merger, combination or other transaction in which shares of class A common stock are exchanged for, converted into or changed into other stock or securities, or the right to receive cash or other property, unless the shares of class B common stock and the shares of class C common stock will be exchanged for or changed into the same per share amount of stock, securities, cash or any other property, as the case may be, for which or into which each share of class A common stock is exchanged, converted or changed; and
- the affirmative vote of the holders of at least 80% of the voting power of the common stock of all classes and series, voting together as a single class separate from all other classes or series of our capital stock, shall be required to authorize us to exit our core payments business (i.e., to no longer operate a consumer debit/credit payments business).

For purposes of the prior paragraph, “as-converted basis” means, with respect to each share of class B common stock or class C common stock entitled to vote on any matter, a number of votes equal to the aggregate number of shares of class A common stock into which each share of class B common stock or class C common stock owned by such holder would be converted, assuming the conversion at the applicable conversion rate in effect on the record date for such vote.

*Conversion.* In the event that any outstanding share of our class B common stock or class C common stock is transferred to a person other than a Visa member or an affiliate of a Visa member, as defined in our Certificate of Incorporation, such share will, automatically and without further action on our part or on the part of any holder of class B common stock or class C common stock, as applicable, immediately prior to the transfer, be converted into shares of class A common stock based upon the applicable conversion rate in effect on the date of that transfer. However, in no event shall any share of class B common stock or class C common stock, as applicable, be converted into any shares of class A common stock except in connection with (i) a sale of such shares on a securities exchange on which shares of class A common stock are listed by means of a “brokers’ transaction” within the meaning of paragraph (g) of Rule 144 under the Securities Act or (ii) a private placement of such shares to a person who is not a Visa member or an affiliate of a Visa member. In addition, no such conversion shall be effected until the expiration of all applicable restrictions on transfer of such shares described under “—Transfer Restrictions,” although our board of directors may make exceptions to such transfer restrictions. Shares of class B common stock or class C common stock so converted will cease to be outstanding and shall no longer be issuable by us. Shares of class B common stock and class C common stock are convertible into shares of class A common stock only in connection with a transfer described above, and no holder of any shares of class B common stock or class C common stock has the right to convert, or to require us to convert, such shares into shares of class A common stock at any time.

As of September 30, 2023, the conversion rate applicable to our shares of class B common stock was 1.5875-to-one, subject to adjustments for stock splits, recapitalizations and similar transactions. This conversion rate will automatically be adjusted upon the issuance of any shares of our class A common

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stock which are designated as loss shares, the net proceeds of which are to be deposited in the escrow account to satisfy any settlements or judgments in respect of any covered litigation and upon the deposit of funds designated as "loss funds" by our board of directors, into the escrow account in accordance with the terms of the escrow agreement and our Certificate of Incorporation. The applicable conversion rate will also be adjusted upon the final resolution of the covered litigation and the release of funds then remaining on deposit in the escrow account. These adjustments will be made automatically, such that one share of class B common stock is convertible into a number of shares of class A common stock determined based upon the following formulae:

- $A-B-D$ , until final resolution of the covered litigation; and
- $A-B-D+C$ , after final resolution of all of the covered litigation.

For purposes of these formulae:

"A" is equal to 0.7142888829.

"B" is a fraction:

- the numerator of which is the number of loss shares that have been issued; and
- the denominator of which is the class B number.

"C" is a fraction:

- the numerator of which is the quotient obtained by dividing the aggregate portion of any funds disbursed to us from the escrow account after the final resolution of the covered litigation (other than certain tax distributions and reimbursements related to the loss sharing agreement) by the greater of \$0.04 or the volume-weighted average price per share of our class A common stock during the 90 trading day period ending on the third trading day immediately preceding the date on which the covered litigation is finally resolved; and
- the denominator of which is the class B number.

"D" is a fraction:

- the numerator of which is the sum of what we call the loss funds share equivalents (described below) in respect of all deposits of loss funds into the escrow account; and
- the denominator of which is the class B number.

The loss funds share equivalent in respect of a deposit of loss funds into the escrow account made after January 1, 2009, is the quotient obtained by dividing the amount of those deposited loss funds by an amount we call the loss funds cost per share applicable to such deposit. The loss funds cost per share applicable to a deposit of loss funds into the escrow account is the weighted average of each day's volume-weighted average price per share (which we refer to as the daily VWAP) of our class A common stock over a period that begins on the date our board of directors approves the deposit of those loss funds (which we refer to as the funding decision date) and lasts for a certain number of trading days. That number of trading days that any such period lasts is equal to a quotient obtained by dividing:

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- another quotient, obtained by dividing the amount of those loss funds by the volume-weighted average of the daily VWAP of our class A common stock over the five trading days immediately preceding the funding decision date, by
- 15% of the average daily trading volume of the class A common stock over the four calendar weeks prior to the week of the funding decision date (or such other percentage as set by our board of directors and consented to by members of the litigation committee).

For deposits made in calendar year 2008, the loss funds share equivalent is the quotient obtained by dividing the amount of such loss funds deposit by the weighted average of the daily VWAP during the 15 trading days most closely preceding and including December 19, 2008.

After the date on which all of the covered litigation has been finally resolved, any amounts remaining on deposit in the escrow account with respect to the covered litigation will be released to us and the conversion rate applicable to any transfer of shares of our class B common stock will automatically be adjusted in favor of the holders of our class B common stock (i.e., such that a lesser number of shares of class B common stock are required in order to convert into a single share of class A common stock), to the extent of the aggregate amount released to us from the escrow account, taking into account the weighted average trading price of our class A common stock at such time, as described above.

The conversion rate applicable to any transfer of shares of our class C common stock shall always be four-to-one (i.e., one share of class C common stock will, upon transfer, be converted into four shares of class A common stock), subject to adjustments for stock splits, recapitalizations and similar transactions.

If any shares of our class A common stock are acquired by a Visa member, as defined in our Certificate of Incorporation, or any person that is an operator, member or licensee of a general purpose payment card system that competes with us, or in each case any affiliate of such person, such shares will automatically be converted, at the inverse of the conversion rate applicable for shares of our class C common stock on the date of such conversion, into shares of our class C common stock. Such converted class A common stock will cease to be outstanding and will no longer be issuable by us.

However, such automatic conversion will not apply with respect to any shares of class A common stock acquired by a Visa member other than shares of class A common stock acquired by such Visa member for its own account as a principal investor or for the account of an affiliate of such Visa member that is acting as a principal investor. Without limiting the foregoing, such automatic conversion shall not apply to any shares of class A common stock acquired or held by a Visa member, a similar person or any of their respective affiliates in connection with its brokerage, market making, custody, investment management or similar operations or acquired by any investment fund managed by a Visa member, a similar person or any of their respective affiliates.

*Preemptive Rights.* In general, no holders of any shares of our common stock will be entitled to preemptive rights to subscribe for any shares of any class or series of our capital stock, except as may be provided in any resolution or resolutions providing for the issuance of a series of stock adopted by our board of directors or any agreement between us and our stockholders. We have no current plans to grant preemptive rights by a resolution of our board of directors or through any agreement with our stockholders.

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*Fractional Shares.* We will not issue any fractional shares of any class of common stock upon conversion of any shares of any other class of common stock into shares of such class. In lieu of fractional shares, we will pay cash equal to such fractional amount multiplied by the fair market value, as determined by or in accordance with procedures established by our board of directors, in good faith and in its sole discretion, per share of the applicable class of common stock into which such shares are being converted, at the conversion date.

*Dividend and Distribution Rights.* Subject to any limitations contained in the Delaware General Corporation Law, or DGCL, our Certificate of Incorporation and any rights of the holders of any outstanding series of preferred stock or any class or series of stock having a preference over or the right to participate with the common stock with respect to the payment of dividends or distributions, dividends or distributions may be declared and paid on the common stock out of our assets that are by law available therefor at such times and in such amounts as our board may determine. Other than with respect to certain dividends or distributions of class A common stock, the holders of shares of class A common stock, class B common stock and class C common stock are entitled to share ratably (on an as-converted basis as described below in the case of the holders of the class B common stock or class C common stock) in dividends or distributions paid on the common stock, and no dividend or distribution may be declared or paid on any class or series of common stock unless an equivalent dividend or distribution is contemporaneously declared and paid (on an as-converted basis as described below in the case of the holders of the class B common stock or class C common stock) on each other class and series of common stock. Dividends or distributions payable in shares of class A common stock may be paid on the class A common stock without also paying a corresponding dividend or distribution on each other class or series of common stock, subject to certain adjustments to the conversion rates applicable to the class B and class C common stock.

*Liquidation Rights.* Upon our voluntary or involuntary liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably on an as-converted basis in the net assets available for distribution to stockholders after the payment of our debts and other liabilities, subject to the prior rights of any issued preferred shares. Neither the voluntary sale, conveyance, exchange or transfer for cash, shares of stock, securities or other consideration of all or substantially all of our property or assets nor our consolidation or merger with or into one or more other corporations will be deemed to be a liquidation, dissolution or winding-up, voluntary or involuntary, unless such voluntary sale, conveyance, exchange or transfer will be in connection with a dissolution or winding-up of our business.

*Mergers, Consolidation, Etc.* If we enter into any consolidation, merger, combination or other transaction in which shares of common stock are exchanged for, converted into, or otherwise changed into other stock or securities, or the right to receive cash or any other property, such shares of common stock will be exchanged for or changed into the same per-share amount of stock, securities, cash or any other property, as the case may be, into which or for which each share of any other class of common stock is exchanged or changed, on an as-converted basis.

*Use of the Term "As-Converted."* For purposes of the paragraphs entitled "—Dividend and Distribution Rights," "—Liquidation Rights" and "—Mergers, Consolidation, Etc.," as-converted means that each holder of class B common stock, or each holder of class C common stock, other than with respect to any dividend or distribution payable in shares of class A common stock, will be entitled to its ratable portion of: (x) any dividend or distribution in case of dividend rights; (y) any assets available for

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distribution in case of liquidation rights; or (z) any stock, securities, cash or other consideration in a consolidation, merger, combination or other transaction, as the case may be, in each case based upon the number of shares of class A common stock into which the shares of class B common stock or class C common stock, as applicable, beneficially owned by such holder would be converted, assuming the conversion of all outstanding shares of class B common stock and class C common stock into class A common stock, based on the applicable conversion rate then in effect, on the record date for such distribution or dividend, or immediately prior to such vote on such liquidation, dissolution or winding up, or the consummation of such consolidation, merger, combination or other transaction, as applicable.

*Transfer Restrictions.* Shares of our class B common stock are not transferable until the escrow termination date. The above described limitation on transfer is, however, subject to the following exceptions:

- any transfer by us to the initial holders of any class B common stock;
  - any transfer by us to any person or entity or by the holders thereof to us;
  - any transfer of any shares of class B common stock to any other holder of class B common stock or its affiliate;
  - any transfer of any shares of any class B common stock to an affiliate of such holder;
  - any transfer of shares of common stock pursuant to the terms of the loss sharing agreement (as defined in our Certificate of Incorporation);
  - any transfer of any shares of class B common stock by any person that is a group member (as defined in the bylaws of Visa International) of Visa International to any person that is a stockholder, member or other equity holder of such group member, provided that such transfer is made in accordance with applicable securities laws and is made to each transferee ratably in accordance with their respective entitlements to dividends or other distributions from such group member, in accordance with the applicable constituent documents of such group member;
  - any transfer by a holder of class B common stock to any person that succeeds to all or substantially all of the assets of such holder, whether by merger, consolidation, amalgamation, sale of substantially all assets or other similar transactions;
  - any transfer by a holder of class B common stock to any person that acquires from such holder all or substantially all of the Visa-branded payments products portfolio of such holder;
  - any transfer of any shares of common stock by any non-equity member of Visa International in the principal category of membership to any non-equity member of Visa International with membership in Visa International that is sponsored by such principal non-equity member; and
  - any transfer of any shares of common stock by any non-equity member of Visa International in the principal category of membership to any person that participates in the Visa payment system as an issuer and which person is sponsored by such non-equity
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member, by an associate member of Visa International sponsored by such non-equity member (if such non-equity member is a group member) or by a constituent member of such non-equity member.

After the escrow termination date, our board of directors may approve exceptions to the limitation on transfers of our class B common stock, provided that such exception applies to all holders of class B common stock equally on a ratable basis or, if such exception does not apply on an equal and ratable basis, such exception is also approved by at least a majority of our independent directors.

**VISA INC.**  
**EXECUTIVE OFFICER CASH SEVERANCE POLICY**

Effective as of November 6, 2023

Visa Inc. (the "Company") will not enter into any new employment agreement, severance agreement or separation agreement with any Executive Officer, or establish any new severance plan or policy covering any Executive Officer, in each case that provides for Cash Severance Benefits exceeding 2.99 times the sum of the Executive Officer's Base Salary plus Target Bonus, without seeking stockholder ratification of such agreement, plan or policy.

This policy will be interpreted by the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board"). Any determination by the Compensation Committee with respect to this policy shall be final, conclusive, and binding.

For purposes of this policy:

"Base Salary" means an Executive Officer's annual base salary paid or payable by the Company or its affiliates as consideration for the Executive Officer's services, including any base salary that is subject to deferral, at the rate in effect at the time of the Executive Officer's termination of employment (or required to be in effect before any diminution that is the basis for the Executive Officer's termination of employment for Good Reason, as defined in the Executive Severance Plan), excluding all bonus and incentive compensation.

"Cash Severance Benefits" means cash payments: (i) in respect of the termination of the Executive Officer's employment; (ii) to secure an agreement not to compete with the Company; or (iii) to offset any tax liability in respect of any of the foregoing. For the avoidance of doubt, "Cash Severance Benefits" do not include (a) the vesting, acceleration, settlement, payment (in any form of consideration permitted by the applicable award agreement) or other handling of equity or equity-based awards granted or purchased under stockholder-approved plans or inducement plans, including, without limitation, awards granted under the Visa Inc. 2007 Equity Incentive Compensation Plan or the Visa Inc. Employee Stock Purchase Plan, in each case, as such plan is amended from time to time or any successor plan thereto, (b) payment of deferred compensation, earned retirement benefits or other vested employee benefits, in each case consistent with the Company's normal practices, provided under the Company's retirement or employee benefit plans, (c) the provision of perquisites, insurance, disability, health and welfare plan coverage and other non-cash benefits generally available to similarly-situated employees, including, without limitation, any cash payments provided to cover the cost of obtaining continued health care benefits under the Company's health care benefits program pursuant to COBRA, (d) any interest required to be paid pursuant to the terms of any Company plan or policy between the termination date and the payment date, (e) any unpaid bonus for any previously completed performance or service period required to be paid pursuant to the terms of any Company plan, policy, or agreement, (f) accrued but unpaid Base Salary or vacation pay through the termination date and reimbursement for any expenses validly incurred prior to the termination date, or (g) any payment in respect of the Executive Officer's incentive payment for the year of termination based on target or actual performance (prorated based on the Executive Officer's days of service during the applicable performance period).

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the rules and regulations promulgated thereunder.

"Executive Officer" means any "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Securities Exchange Act of 1934, as amended.

"Executive Severance Plan" means the Visa Inc. Executive Severance Plan (as amended and restated as of January 1, 2022, and as it may be amended from time to time).

"Target Bonus" means an amount equal to the product of (i) the Executive Officer's Base Salary and (ii) the target incentive payment percentage applicable to the Executive Officer under the Visa Inc. Incentive Plan (or any substitute or successor plan thereto) for the fiscal year of the Company ("fiscal year") in which the termination date

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occurs (or, if no such target percentage has been established for such fiscal year, the target incentive payment percentage applicable to the Executive Officer for the immediately preceding fiscal year), or, following a Change of Control (as defined in the Executive Severance Plan), for the fiscal year ending immediately prior to such Change of Control if use of this percentage results in a higher amount.

"termination", "termination date" and "termination of employment" refer to an Executive Officer's termination of employment from the Company and its affiliates.



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## Visa Inc. Clawback Policy, As Amended and Restated November 1, 2023

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Visa Inc. (the "Company") adopted the Visa Inc. Clawback Policy on July 20, 2010. The Board of Directors (the "Board") of the Company believes that it is appropriate to amend and restate the Visa Inc. Clawback Policy effective as of the Effective Date. The Visa Inc. Clawback Policy as Amended and Restated November 1, 2023 and as may be further amended or restated from time to time shall be referred to herein as the "Policy".

### 1. Definitions

For purposes of this Policy, the following definitions shall apply:

- a) "Additional Compensation" means any cash-based or equity-based compensation (including, without limitation, any bonuses under the Visa Inc. Incentive Plan or any successor plan and any other bonus, as well as time-based restricted stock units, restricted stock, stock options, and performance shares) earned by an Executive Officer or EC Member with respect to a period covered by a Fault-Based Restatement, but not including (i) salary or employee retirement or welfare benefits and (ii) Covered Compensation.
- b) "Administrator" means the Board or such committee(s) designated by the Board in its discretion to administer the Policy.
- c) "Company Group" means the Company and each of its Subsidiaries, as applicable.
- d) "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after the effective date of the applicable NYSE listing standards, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.
- e) "Effective Date" means November 1, 2023.
- f) "EC Member" means any current or former member of the Executive Committee.
- g) "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested, or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested, or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Administrator will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total stockholder return upon which the Covered Compensation was granted, vested, or paid and the Administrator shall maintain documentation of such determination and provide such documentation to the NYSE.
- h) "Exchange Act" means the Securities Exchange Act of 1934.
- i) "Executive Committee" shall mean the Company's Executive Committee, as its name may be changed from time to time, or any successor thereto.
- j) "Executive Officer" means any current or former "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-K under the Exchange Act.

- k) "Fault-Based Restatement" means the need for a Restatement that resulted from, directly or indirectly, any fraud, intentional misconduct, or gross negligence by one or more Executive Officers or EC Members. The Administrator shall have the authority to determine whether a Fault-Based Restatement has occurred in its complete discretion.
- l) "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price, or (iii) total stockholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Management's Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.
- m) "Home Country" means the Company's jurisdiction of incorporation.
- n) "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- o) "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Restatement, or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.
- p) "NYSE" means the New York Stock Exchange.
- q) "Received": Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting, or payment of the Incentive-Based Compensation occurs after the end of that period.
- r) "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error was corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.
- s) "SEC" means the United States Securities and Exchange Commission.
- t) "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust, or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by", or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract, or otherwise.

## **2. Recoupment and Forfeiture of Erroneously Awarded Compensation to Executive Officers**

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the applicable member of the Company Group in accordance with Section 4 of this Policy. The Administrator must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 4 of this Policy, except as provided below.

Notwithstanding the foregoing, the Administrator (or, if at any time the Administrator is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Administrator determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by one or more members of the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

## **3. Additional Recoupment and Forfeiture Applicable to Executive Officers and EC Members in connection with a Fault-Based Restatement**

If the Administrator determines in its discretion that a Fault-Based Restatement occurred, the Administrator may seek in its discretion recovery of all or a portion of any Additional Compensation awarded or paid to Executive Officer(s) and EC Member(s) who contributed to the Fault-Based Restatement. In addition, the Administrator may provide that any unpaid or unvested Additional Compensation applicable to the Executive Officer(s) and EC Member(s) who contributed to the Fault-Based Restatement is forfeited in connection with any Fault-Based Restatement. The Administrator may seek recovery of Additional Compensation for the Fault-Based Restatement even if the Fault-Based Restatement did not result in an award or payment greater than would have been awarded absent the Fault-Based Restatement.

In determining whether to require recovery or forfeiture of Additional Compensation, and, if so, the amount of such recovery or forfeiture, the Administrator shall take into account such considerations as it deems appropriate, including (i) whether any Additional Compensation earned with respect to the period covered by the Fault-Based Restatement was based on the achievement of specified performance targets and, if so, whether any such Additional Compensation would have been reduced had the financial results been properly reported at the time the performance or bonus or equity compensation was determined, (ii) the likelihood of success in seeking recovery or forfeiture under governing law relative to the effort involved, (iii) whether the assertion of a recovery or forfeiture claim may prejudice the interests of any member of the Company Group in any related proceeding or investigation, or otherwise, (iv) whether the expense of seeking recovery or forfeiture is likely to exceed the amount sought or likely to be recovered, (v) the passage of time since the occurrence of the Fault-Based Restatement, (vi) any pending or threatened legal proceeding relating to the applicable fraud, intentional misconduct or gross negligence, and any actual or anticipated resolution (including any settlement) relating thereto, (vii) the tax consequences to the applicable Executive Officer or EC Member, and (viii) such other factors as it may deem appropriate under the circumstances in its complete discretion.

## **4. Means of Repayment**

In the event that the Administrator determines that any person shall repay any Erroneously Awarded Compensation or Additional Compensation, the Administrator shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy

such repayment in a manner and on such terms as required by the Administrator, and any member of the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the applicable member of the Company Group (including, without limitation, "wages" within the meaning of applicable law), to require the forfeiture of any award granted by any member of the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder. If the Administrator does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation and any other Additional Compensation, as applicable, to the Company as soon as reasonably practicable but in no event later than sixty (60) days after receipt of such notice.

#### **5. No Indemnification**

No person shall be indemnified or insured by any member of the Company Group against the loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes that the Administrator determines in its discretion are related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by any member of the Company Group in respect of any loss of compensation by such person or for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For the avoidance of doubt, each person subject to this Policy waives any rights they may have to indemnification, insurance payments, or other reimbursement by or from any member of the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy.

For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall any member of the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

#### **6. Miscellaneous**

This Policy generally will be administered and interpreted by the Administrator. Any determination by the Administrator with respect to this Policy shall be final, conclusive, and binding on all interested parties. Any discretionary determinations of the Administrator under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

The rights of the members of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to any member of the Company Group pursuant to the terms of any law, government regulation, or stock exchange listing requirement or any other policy, code of conduct (including, without limitation, the Company's Code of Business Conduct and Ethics and Code of Ethics for Certain Executive and Financial Officers), employee

handbook, employment agreement, offer letter, equity award agreement, or other plan or agreement of any member of the Company Group.

The Policy and the Acknowledgment, Consent and Agreement attached hereto will be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to principles of conflict of laws which could cause the application of the law of any other jurisdiction.

**7. Amendment and Termination**

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Administrator may terminate, suspend, or amend this Policy at any time in its discretion.

**8. Successors**

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators, or other legal representatives with respect to any Covered Compensation and Additional Compensation granted, vested, or paid to or administered by such persons or entities.

**VISA INC. CLAWBACK POLICY**

**ACKNOWLEDGMENT, CONSENT AND AGREEMENT**

I acknowledge that I have received and reviewed a copy of the Visa Inc. Clawback Policy (as Amended and Restated November 1, 2023 and as may be further amended or restated from time to time, the "Policy") and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily, and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation and Additional Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand, and agree that (i) the compensation that I receive, have received, or may become entitled to receive from any member of the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments, or other reimbursement by or from any member of the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy. To the extent the Company Group determines in accordance with Section 4 of the Policy to set off a repayment amount against any amount owed to me, I consent to any such set off for purposes of applicable law (and to the extent the provisions of this acknowledgment ("Acknowledgment") do not satisfy any specific requirements of applicable law, I agree to sign such additional consent or authorization as may be required under applicable law in order to effectuate such set off). I further agree that any amendments to the Policy that the Administrator intends to be applicable to me, including any amendments to comply with applicable law, will be applicable to me. Capitalized terms not defined herein have the meanings set forth in the Policy.

If the terms of the Policy and this Acknowledgment conflict, the terms of the Policy shall prevail.

**Signed:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**List of Significant  
Subsidiaries of Visa Inc.  
as of September 30, 2023**

<u>Name</u>	<u>Jurisdiction</u>
Visa Europe Limited	United Kingdom
Visa International Holdings, Inc.	Delaware
Visa International Holdings Limited	United Kingdom
Visa International Service Association	Delaware
Visa U.S.A. Inc.	Delaware
Visa Worldwide Pte. Limited	Singapore

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (Nos. 333-214208, 333-201770, 333-157191, and 333-150426) on Form S-8 and (No. 333-258258) on Form S-3 of our report dated November 15, 2023, with respect to the consolidated financial statements of Visa Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California  
November 15, 2023

CERTIFICATION PURSUANT TO  
EXCHANGE ACT RULES 13A-14(A)/15D-14(A),  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan McInerney, certify that:

1. I have reviewed this annual report on Form 10-K of Visa Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2023

/s/ Ryan McInerney  
\_\_\_\_\_  
Ryan McInerney  
Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION PURSUANT TO  
EXCHANGE ACT RULES 13A-14(A)/15D-14(A),  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002

I, Chris Suh, certify that:

1. I have reviewed this annual report on Form 10-K of Visa Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2023

\_\_\_\_\_  
*/s/ Chris Suh*  
Chris Suh  
Chief Financial Officer  
(Principal Financial Officer)

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Visa Inc. (the "Company") on Form 10-K for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ryan McInerney, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2023

\_\_\_\_\_  
/s/ Ryan McInerney

Ryan McInerney  
Chief Executive Officer  
(Principal Executive Officer)

In connection with the Annual Report of Visa Inc. (the "Company") on Form 10-K for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chris Suh, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2023

\_\_\_\_\_  
/s/ Chris Suh

Chris Suh  
Chief Financial Officer  
(Principal Financial Officer)