23-Jan-2024

Visa, Inc. (V)

Annual General Meeting

Copyright © 2001-2024 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Alfred F. Kelly, Jr.
Executive Chairman, Visa, Inc.

John Chevedden
Trustee, Ray T. & Veronica G. Chevedden Family Trust DTD 05/04/90

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Annual Meeting of Visa, Inc. Our first speaker will be Al Kelly, Executive Chairman. At this time, all participants will be on a listen-only mode. I will now turn the call over to Mr. Kelly. You may begin, sir.

Alfred F. Kelly, Jr.

Executive Chairman, Visa, Inc.

Good morning, everyone. I'm Al Kelly. And on behalf of the board, our management team and the employees of Visa, it's my pleasure to welcome you to our 2024 annual meeting of stockholders. As the Chairman, I call this meeting to order.

As described in our proxy materials, we are holding a virtual annual meeting of stockholders. Today's meeting is being recorded and a replay will be available on the Investor Relations website. We're excited to host today's meeting through this virtual online platform which allows us to open access and participation in the meeting to stockholders around the world. Please remember that you may vote your shares online at any time during this meeting prior to the closing of the polls.

Before proceeding with the business of the meeting, I'd like to introduce our director nominees in attendance today. John Lundgren, our current Lead Independent Director and the Chair of our Nominating and Corporate Governance Committee, who's been elected by the board to serve as the new board chair, effective as of today, subject to his reelection to the board at today's annual meeting; Lloyd Carney, Chair of our Audit and Risk Committee; Kermit Crawford; Javier Fernández-Carbajal; Ramon Laguarta; Ryan McInerney, our Chief Executive Officer; Teri List; Denise Morrison, Chair of our Compensation Committee; Pamela Murphy; Linda Rendle; and Maynard Webb, who's Chair of our Finance Committee.

Next, I'd like to introduce the members of our Executive Committee in attendance today. Antony Cahill, Global Head of Value Added Services; Frank Cooper, Visa's Chief Marketing Officer; Paul Fabara, the company's Chief Risk Officer; Jack Forestell, the Chief Product and Strategy Officer; Michelle Gethers, Chief Diversity Officer and Head of Corporate Responsibility; Charlotte Hogg, the Chief Executive Officer of Europe; Oliver Jenkyn, Group President of Global Markets; Kelly Mahon Tullier, Vice Chair, Chief People and Corporate Affairs Officer and the Corporate Secretary of Visa; Chris Newkirk, Global Head of New Flows, Commercial and Money Movement Solutions; Julie Rottenberg, the company's General Counsel; Chris Suh, the company's Chief Financial Officer; and Rajat Taneja, the President of Technology. Also with us this morning are Tess Boland and Jim O'Meara of KPMG, our independent registered public accounting firm.

Copyright © 2001-2024 FactSet CallStreet, LLC

At this time, Kelly Tullier will conduct the formal portion of this meeting and record the minutes. After which, Ryan McInerney will present an overview of Visa's fiscal 2023 financial results and business strategy. And then we will address your questions.

Kelly, over to you.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Thank you, Al. Good morning. The agenda and rules of conduct for the meeting are posted on the online meeting platform in the Meeting Materials section and outline how we will proceed with today's meeting. We encourage you to review the rules carefully. In order to allow for an orderly meeting and to permit enough time for questions, we ask that you abide by these rules.

After the proposals are presented, we will answer questions received regarding the proposals being voted on at today's meeting. There will also be a business question-and-answer period after Ryan's presentation. If you would like to ask a question and you've not already submitted one online, please type your question into the Ask a Question field and click Submit.

Questions will be subject to the rules of conduct of the meeting. In case we are unable to answer all questions submitted due to time constraints, we will post answers to a representative set of questions submitted in writing on our website as soon as practicable.

We have an affidavit from Broadridge certifying that the mailing of proxy materials to stockholders of record as of November 24, 2023 commenced on December 7, 2023. The affidavit of mailing and notice will be filed with the minutes of this meeting.

Andrew Wilcox, on behalf of Broadridge, has been appointed to serve as Inspector of Election. Mr. Wilcox has taken the oath of office and is prepared to serve. Mr. Wilcox has advised me that we have present a sufficient number of shares to constitute a quorum. Accordingly, the meeting is duly constituted and we may proceed with business.

It is 8:35 AM on January 23 and the polls are now open for voting. They will close at the conclusion of the formal portion of this meeting. Until the polls closed, any stockholder may change his or her vote on any matter on the meeting website. However, once the polls close, no further changes will be accepted.

There are six proposals on the agenda today. However, Visa has determined not to present Proposal 5 related to adjournments of the meeting to solicit proxies in favor of Proposal 4 at today's meeting.

Stockholders with control numbers can vote online now by pressing the Vote Here button located on the lower portion of your screen. Each of these proposals as well as the vote required for approval of each proposals was described in the proxy statement. Holders of Class A common stock are entitled to vote on each proposal. Holders of Class B and Class C common stock are entitled to vote on Proposal 4 only. You do not need to take any further action if you'd already submitted a proxy to vote your shares and do not wish to change your vote.

The first proposal is to elect 11 directors to Visa's Board of Directors. The board nominees for election to the board of directors are Lloyd Carney, Kermit Crawford, Francisco Javier Fernández -Carbajal, Ramon Laguarta, Teri List, John Lundgren, Ryan McInerney, Denise Morrison, Pamela Murphy, Linda Rendle and Maynard Webb.

Copyright © 2001-2024 FactSet CallStreet, LLC

We did not receive any other nominations for director. As indicated in the proxy statement, the board recommends that the stockholders elect the director nominees.

The second proposal is an advisory vote to approve the compensation of our named executive officers. As indicated in the proxy statement, the board recommends that stockholders vote in favor of this proposal.

The third proposal is to ratify the appointment of KPMG LLP to serve as Visa's independent registered public accounting firm for the 2024 fiscal year. The Audit and Risk Committee reappointed KPMG to serve as Visa's independent registered public accounting firm for the 2024 fiscal year and seeks ratification of the appointment by the stockholders.

The fourth proposal is to approve amendments to our seventh restated Certificate of Incorporation that would authorize Visa to enable Class B shareholders to exchange and transfer portions of their Class B common stock, subject to certain conditions. The board recommends the stockholders approve the proposed Certificate of Incorporation amendments.

The final proposal is a stockholder proposal requesting that the board adopt the policy to seek stockholder ratification of certain termination pay arrangements, if properly presented. John Chevedden will present the proposal. As required under the rules of conduct for the meeting, the introduction and presentation of the proposal will be limited to three minutes.

Operator, please open the phone line for Mr. Chevedden. Welcome, Mr. Chevedden. Please introduce your proposal and make a brief supporting statement.

John Chevedden

Trustee, Ray T. & Veronica G. Chevedden Family Trust DTD 05/04/90

Hello. This is John Chevedden. Proposal 6, shareholder ratification of excessive termination pay. Shareholders request that the board adopt a policy to seek shareholder approval of the top 10 senior managers' new or renewed pay package that provides for termination of payments with an estimated value exceeding 2.99 times the sum of the executives' base salary plus target short-term bonus. The board shall retain the option to seek shareholder approval at an annual meeting after material terms are agreed upon.

Generous performance-based pay can sometimes be justified, but shareholder ratification of golden parachute severance packages with a total cost exceeding 2.99 times base salary plus target short-term bonus better aligns management pay with shareholder interests. This policy is sorely needed at Visa because currently a new or renewed pay package can have a cost of 10 times the executives' base salary. The current policy can have a cost of 10 times the Visa executives' base salary as long as cash payments are limited to 2.99 times executive pay.

This is an evasive way to give excessive golden parachutes to Visa executives that are simply non-cash pay. The magical workaround way to give Visa executives excessive golden parachutes is to make the golden parachutes non-cash pay. Visa tends to overpay executives. Alfred Kelly was reported as receiving $28 million in 2022.

This proposal makes no limit on long-term equity pay or any other type pay. This proposal thus has no impact on the ability to attract the executive talent or discourage the use of long-term equity pay because it places no limit on golden parachutes. It simply requires that extra-large golden parachutes for executives to be subject to non-binding shareholder vote at a shareholder meeting already scheduled for other matters. This proposal is relevant because the annual say-on-executive pay does not have a separate section for approving or rejecting golden parachutes for Visa executives.

Copyright © 2001-2024 FactSet CallStreet, LLC

Please vote yes to shareholder ratification of excessive termination pay, Proposal 6.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Thank you, Mr. Chevedden. We appreciate your engagement with the company. As to the proposal, the board unanimously recommends that stockholders vote against this proposal for the following reasons.

Visa already has an effective policy in place that requires us to seek stockholder approval for any future arrangement with any executive officer that provides for cash severance benefits exceeding 2.99 times the sum of the base salary plus target bonus.

We believe that the overly broad policy requested by the stockholder proposal would severely diminish our competitiveness as an employer and limit our ability to attract and retain highly qualified executive talent. None of our primary competitors has a policy requiring stockholder approval of both cash and equity termination payments. Visa's approach to executive termination arrangements is disciplined, responsible and reasonable, making this proposal unnecessary.

We will now answer questions related to the proposals that we have received. The first question relates to Proposal 2, our say-on-pay proposal. Can you discuss how management is compensated and how that corresponds to the salary of the median employee?

Alfred F. Kelly, Jr.

Executive Chairman, Visa, Inc.

This is Al Kelly responding. Visa is very committed to a pay-for-performance philosophy, and we structure our executive compensation program to be meaningfully performance based. Our program is also designed to motivate and retain key talent and to align with Visa's corporate strategy, including our broader corporate responsibility and sustainability efforts, stockholder interest and the interest of other stakeholders. We believe we have a balanced set of compensation components and metrics with a proven record of driving stockholder value.

When setting compensation levels and incentive award design, our Compensation Committee works closely with its independent outside consultant and reviews market data and corporate and individual performance. For a company of Visa's size, scale and global reach, we believe our compensation program is competitive to motivate and retain executives with the experience, the qualifications and skills that our executives demonstrate.

Visa discloses the ratio of CEO to median employee compensation as required by the SEC disclosure rules. Our pay ratio compares favorably and is in line with the ratios of the peer group Visa uses for executive compensation purposes.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Thank you, Al. We received an additional question about compensation. Why do executives and directors receive compensation in shares of Visa stock? And are they required to hold the shares?

Alfred F. Kelly, Jr.

Executive Chairman, Visa, Inc.

Copyright © 2001-2024 FactSet CallStreet, LLC

Well, our Compensation Committee works closely with its independent outside consultant, as I alluded to, and reviews relevant market data when setting incentive award design. Our equity awards to executives vest over a three-year period and a substantial portion of the value is delivered in the form of performance-based awards, which are subject to a three-year cliff vesting, and in which, the executive's compensation is directly tied to our financial and stock price performance.

Our Compensation Committee and the board conduct a similar review of market practices when establishing the compensation of our directors. Equity awards are a common form of compensation among our peer companies, providing effective incentive and align our executives' and directors' interest with the interest of our stockholders.

All of our equity awards are granted under a stock plan approved by the stockholders, and our executives and directors are all subject to stock ownership guidelines that provide a minimum level of ownership applicable to each individual.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Thank you, Al. We also received a question on Proposal 4, our Class B exchange offer program proposal and how the Class B shares will be converted into Class A shares. Could you briefly explain that and how it will affect the dividend of Class A shares?

Alfred F. Kelly, Jr.

Executive Chairman, Visa, Inc.

Sure, Kelly. The exchange offer program contemplated by the Certificate of Incorporation amendments will allow Class B holders to exchange a portion of their Class B common stock for Class C common stock, which, upon most transfers, automatically converts it to Class A common stock. Neither the exchange offer program nor the subsequent conversions into Class A common stock, however, will affect the dividend payable to Class A common stockholders. The exchange offer program will not impact the fully diluted number of shares of Class A common stock outstanding, and dividends today are paid on all classes of Visa common stock and on an as converted basis with respect to Class B and Class C stock.

Consequently, there would be no change to the total amount of dividends paid to each of our stockholders as a result of the exchange offer program.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Thanks, Al. That concludes the questions on the proposals.

In summary, the board recommends that you vote for the election of director nominees, for the second proposal, for the third proposal, for the fourth proposal, and against the stockholder proposal on termination of payments.

In a moment, we will close the poll. Please make any final votes online now by clicking the Vote Here button at the bottom of your screen. We will pause here briefly so voting can conclude. We will now move to the voting results. It is 8:46 AM on January 23 and the polls are now closed. No additional votes will be accepted.

I have received the preliminary voting results from the Inspector of Election based on the proxies received as of the opening of the polls at today's meeting. Votes and proxies received during the meeting will be tabulated by the Inspector of Election and included in the final tally, which will be filed with the minutes of this annual meeting of

Copyright © 2001-2024 FactSet CallStreet, LLC

stockholders. In addition, we'll report the final voting results in a current report on Form 8-K within four business days from today.

The preliminary results of the voting are as follows. Proposal 1, each of the board's 11 nominees has been elected to the Board of Directors. Proposal 2, the advisory vote to approve the compensation of the company's named executive officers has been approved. Proposal 3, the proposal to ratify the appointment of KPMG LLP to serve as the company's independent registered public accounting firm for the 2024 fiscal year has been approved. Proposal 4, the proposal to approve the amendments to the company's Certificate of Incorporation has been approved. Proposal 6, the stockholder proposal requesting that the board adopt a policy to seek shareholder ratification of certain termination pay arrangements has not been approved.

I will now return the floor to Al.

Alfred F. Kelly, Jr.

Executive Chairman, Visa, Inc.

Kelly, thank you very much. This ends the formal portion of our meeting. I want to thank you all for attending. There being no further business to come before the meeting, this meeting is now adjourned.

Today is my last official action as Visa's Executive Chairman. I'll be retiring in a few weeks. It has been an incredible honor to serve Visa and all of its stakeholders as an independent director and then for 6.5 years as Chief Executive Officer and over the last year as Executive Chairman.

Visa is a fabulous company with an excellent business model, a tremendous leadership team and a strong Board of Directors. Your company is in good hands led by my successor and partner, Ryan McInerney. Ryan is a terrific leader and he's off to a good start. As I depart, I will be cheering hard for Ryan and the company.

Now, Ryan, over to you for the business presentation.

Kelly Mahon Tullier

Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

Before Ryan presents an overview of Visa's fiscal 2023 financial results and business strategy, I would note that this presentation includes forward-looking statements. These statements are not guarantees of future performance, and our actual results could differ materially as a result of many factors. Additional information concerning those factors is available in our most recent report on Form 10-K, which you can find on the SEC's website and the Investors Relations section of our website

For non-GAAP financial information disclosed, the related GAAP measures and reconciliation are available in our Form 10-K and our fourth quarter earnings material posted on our Investor Relations website.

With that, let me now turn the floor over to Ryan.

Ryan McInerney

Chief Executive Officer & Director, Visa, Inc.

Good morning, and thank you for joining us today. Over more than 60 years, Visa has built one of the most innovative, convenient, reliable and secure payment networks in the world. And we are putting our network to work to deliver on our purpose, to uplift everyone everywhere by being the best way to pay and be paid.

Copyright © 2001-2024 FactSet CallStreet, LLC

Fiscal year 2023 was a year of enormous change. We saw continued economic growth coming out of the COVID-19 pandemic. And we saw continued innovation across the payments and commerce ecosystem that is transforming how we shop, buy and pay. Through this all, Visa delivered for our clients, partners and stakeholders all over the world.

Today, I am pleased to share some of our highlights from fiscal year 2023, including our financial performance, key business drivers and strategic areas of focus. I'll start with our financial highlights from the fiscal year. Visa had a very strong 2023. We reported net revenues of $32.7 billion, up 11% from the prior year. GAAP earnings per share were $8.28, up 18% from the prior year. Non-GAAP earnings per share were $8.77, up 17% from 2022. Throughout the year, we continued to invest in the business to drive future growth while also returning $16.1 billion to shareholders in the form of share repurchases and dividends.

Our financial results are driven by several key business drivers. Total volume in 2023 grew 7% on a constant dollar basis to $14.8 trillion. Total transactions reached 276 billion, up 7% from last year. Payments volume grew 9% on a constant dollar basis to $12.3 trillion. Payment transactions reached 259 billion, of which we processed more than 80%. And cross-border volume, another major driver of growth, grew 25% year-over-year on a constant dollar basis, excluding Intra-Europe.

These results are all enabled by Visa's incredible franchise. Visa's global network helps connect and deliver value to buyers and sellers all over the world, to issuers and acquirers looking for innovative offerings for their customers, to governments looking to send payments to their citizens when they need the most, and to fintechs, neobanks, digital wallets and enablers who are looking to achieve scale and growth. Our network is comprised of approximately 14,500 financial institutions, 4.3 billion credentials and over 130 million merchant locations.

Our strategy has proven resilient, and we remain focused on our three strategic growth levers of consumer payments, new flows and value-added services. First, consumer payments where we are focused on delivering innovative payment solutions that bring more buyers and sellers onto the Visa network and grow the number of transactions they make.

Second, new flows where we are capturing new ways of money movement beyond traditional consumer payments through both card and non-card flows. And third, value-added services which deepen client relationships, diversify our revenue and differentiate our network of networks. In 2023, we made significant progress in all three areas. So let me touch on each of them in a bit more detail.

In consumer payments, our strategy is clear. We are focused on expanding both sides of the Visa network by growing credentials for buyers and growing the number of acceptance points for sellers, all while deepening engagement with all ecosystem participants, including cardholders, issuers, merchants and fintechs.

On the buyer side, over the past year, credentials grew 7% to 4.3 billion, and we signed over 500 commercial partnerships with fintechs globally, from early-stage companies to growing and mature players. On the seller side of the ecosystem, merchant locations were up more than 15% to more than 130 million, helped by strong growth in our Latin America and CEMEA regions. During 2023, we activated almost 150 transit systems for contactless payments, bringing the total footprint to more than 750 systems worldwide.

And finally, when it comes to engagement, tap-to-pay transactions, which continue to be a powerful driver of engagement, grew another 9 percentage points to 63% of total face-to-face transactions globally or 76% of total face-to-face transactions excluding the United States.

Copyright © 2001-2024 FactSet CallStreet, LLC

In 2023, we also saw the number of network tokens surpass 7.5 billion. This enormous growth in our network tokens, which are unique identifiers that protect payment credentials for in-store mobile payments or online shopping, demonstrates both the sustained shift to digital and deepening engagement of consumers on the network. Across credentials, acceptance and engagement, we remain focused on capturing the massive opportunity in consumer payments, which continues to be a key driver of future growth for Visa.

Beyond consumer payments, we see significant opportunities in new flows to accelerate our growth and enable more payments use cases for our clients and partners. Business-to-business remains the largest component of new flows today, with small business and corporate card issuance comprising the majority of the $1.57 trillion in commercial payments volume in the past year.

To help address the opportunity in commercial payments, we are focused on capturing both carded and non-carded flows, including corporate and purchase card flows, small business payments, nascent and untapped verticals such as fleet, virtual card and large ticket cross-border flows, which we are addressing through our Visa B2B Connect network. In 2023, we increased the number of banks that signed onto Visa B2B Connect by more than 70%, while the number of transacting banks more than doubled as clients activated the service.

In addition, Visa Direct, our push payments platform that enables funds to be sent and received in near real time from person-to-person, business-to-business, business-to-consumer and government-to-consumer is a key enabler of our new flow strategy. Through Visa Direct, we continue to scale our reach, add new capabilities and drive adoption across markets and segments.

Visa Direct is able to reach more than 8.5 billion cards, deposit accounts and digital wallets around the world. In 2023, Visa Direct had 7.5 billion transactions, up 19% year-over-year and nearly 30%, excluding Russia, across more than 65 use cases, 2,800 programs, with more than 500 enablers.

Cross-border person-to-person transactions grew 65% year-over-year, enabling us to reach a new record for Visa Direct payments volume in the fourth quarter of the fiscal year. We are very excited by the momentum we're seeing in Visa Direct and remain focused on growing existing use cases, extending into new geographies, expanding into new areas and deepening our engagement with partners.

Finally, our third growth lever, value-added services, helps our clients innovate and grow across a range of products and solutions that fall into five primary areas of focus. First, issuing solutions is comprised of our debit processing business, DPS, one of the largest issuer processors of Visa debit transactions in the world, along with a range of services, including account controls, digital issuance and buy-now-pay-later capabilities. It also encompasses Pismo, our cloud-native issuer processing asset and core banking ledger, which we acquired recently.

Second, our acceptance solutions, including Cybersource, token solutions, network products and dispute management for merchants and acquirers are deeply valued by our clients. In 2023, we sold more than 2,600 new acceptance services in over 100 countries.

Third, our risk and identity solutions leverage artificial intelligence and machine learning to protect against fraud, theft and unauthorized use through advanced risk management capabilities such as Visa Advanced Authorization and Visa Risk Manager, Authentication Solutions, Decision Manager and RTP Prevent for account-to-account transactions. Fourth is open banking, where we are leveraging Tink's capabilities to enable financial institutions, fintechs and merchants to move money and deliver financial management solutions to their users.

Copyright © 2001-2024 FactSet CallStreet, LLC

And finally, in advisory services, our team of the industry's top payment specialists, data scientists, marketers, designers and economists deliver insights, expertise and tools to help clients grow their businesses. In fiscal year 2023, we delivered more than 2,000 consulting engagements that we estimate created more than $3 billion of additional client revenue, thanks to our support.

Value-added services revenue grew 18% for the full year in constant dollars. Across our hundreds of products, our top 265 clients used 22 products on average, up 8% from last year, versus our overall clients who use 11 products on average. As payments continue to digitize and the ecosystem continues to evolve, we see tremendous opportunity when it comes to deepening penetration of existing value-added services, building new products and launching new solutions, and extending to new geographies. Our purpose is to uplift everyone everywhere by being the best way to pay and be paid. And the way I think about it is simple. We do well by doing good.

Let me share four examples of how we are living our purpose. One, innovation via Tap To Phone. Small business owners and their customers need simpler, easier and more accessible ways of paying and accepting payments. Tap To Phone lets sellers use the smartphones they already own to accept payments simply by downloading an app. During 2023, the number of Tap To Phone active terminals reached 3.3 million.

Two, when it comes to trust, Visa earned the trust of participants in our network by preventing nearly $29 billion in fraud using artificial intelligence to analyze transaction data. Three, as we grow our merchant locations, we are providing access to even the smallest of sellers and enabling them to build their businesses and grow. At the end of last year, we announced that we helped to digitally enable nearly 67 million small and microbusinesses around the world, far surpassing our goal of digitally enabling 50 million small and microbusinesses by 2023, which we set in 2020.

And four, to accelerate access for underserved and women-led small and microbusinesses in the Asia-Pacific Economic Cooperation economies. The Visa Foundation pledged $100 million over five years to advance digital financial inclusion, stimulate job creation and increase access to capital to drive economic mobility. These efforts all reinforce one another. If we deliver on our business objectives, we uplift individuals, businesses and communities all over the world.

Before I close, I want to pause for a moment to thank the amazing Visa team, which is, by far, our most important asset. To the more than 28,000 Visa employees around the world, thank you. Thank you for all of your hard work, leadership and commitment. You are the driving force of this company and make it such a special place to work.

I also wanted to give a special thanks to my colleague, partner and friend, Al Kelly, as he officially retires as Executive Chairman. Al, on behalf of the entire Visa family, thank you for your exceptional leadership. You led this business to incredible heights while also driving innovation, deepening our client relationships and strengthening our culture in so many ways. Your impact on Visa will be visible for generations.

I also want to thank Visa's Board of Directors, an exceptionally talented, knowledgeable and experienced group of leaders. As Al steps down, John Lundgren has been elected Chairman of the board. I have had the pleasure of working with John for many years and have seen firsthand his deep knowledge of our business. His expertise has been and will continue to be of great value to Visa.

To close, fiscal year 2023 was a notable year for Visa, filled with many milestones and strong financial performance. We have a clear strategy and roadmap and significant opportunities for growth that will pave the

Copyright © 2001-2024 FactSet CallStreet, LLC

way for continued growth and success as we strive to build the future of commerce and money movement. Thank you for investing in our company.

That completes my prepared remarks. We will be happy to take your questions.

QUESTION AND ANSWER SECTION

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

A

If you would like to ask a question and you have not already submitted one online, please type your question into the Ask a Question field and click Submit.

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

A

Thank you, Ryan. We do have a few stockholder questions today. The first one is, what steps could Visa take if the economy entered a recession?

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

A

Thanks, Kelly. As I covered in my formal presentation, throughout our fiscal year 2023, our strategy has proven resilient and we remain focused on our three strategic growth levers of consumer payments, new flows and value-added services. Now, should there be a recession or a geopolitical shock that impacts our business and slows revenue growth, we will adjust our spending plans by reprioritizing investments, scaling back or delaying programs, and pulling back as appropriate in personnel expenses, marketing spend, travel and other controllable categories.

In a business like Visa's, though, it's always important to balance between the short- and long-term considerations. We have contingency plans in place, and we'll activate them should we need to. As we look ahead, we remain as optimistic as we've ever been about the long-term growth potential of our business, and we plan to continue to invest to capture this growth.

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

A

Thanks, Ryan. The next question is, how does Visa manage risks to your business and how is this reviewed at the board level? How is compensation aligned to the business and management's ability to manage through these risks?

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

A

Thank you. Our board recognizes the importance of effective risk oversight in running a successful business and in fulfilling its fiduciary responsibilities to Visa and its stockholders. Our board is responsible for promoting an appropriate culture of risk management within the company and for setting the right tone at the top, overseeing our aggregate risk profile and monitoring how the company addresses specific risks such as strategic and competitive risks, financial risks, brand and reputation risks, cyber and technology risks, as well as ecosystem, legal and compliance, regulatory and operational risks.

Copyright © 2001-2024 FactSet CallStreet, LLC

The board exercises oversight for risk both directly and through its standing committees. Throughout the year, the board and each committee spend a portion of their time reviewing and discussing specific risk topics.

Additionally, on an annual basis, the Chief Risk Officer and other members of senior management report on our top enterprise risks and the steps management has taken or will take to mitigate these risks. Our executive officers and senior leadership team are responsible for the day-to-day management of risk at Visa.

Now, with the compensation program design, the Compensation Committee incentivizes executive officers to focus on and execute against a wide range of performance goals that are critical to Visa's strategy, tie in a substantial portion of their target annual compensation to the achievement of financial and nonfinancial goals that are crucial to the company's long-term success.

We believe we have a balanced set of compensation components and metrics with a proven record of driving stockholder value, while motivating and retaining executive leadership. This approach is aligned with our strategy and reduces the likelihood of excessive risk taking with respect to any particular financial goal.

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.
A

And we have another question. Can you speak to the historical growth and future strategy for head count and personnel expense?

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.
A

Sure. Visa, it's a long cycle business. Investments we make today are intended to drive revenue growth three, four, five years out or even longer. It's important for us to continue to fund key growth initiatives across consumer payments, new flows and value-added services.

Funding for growth initiatives typically falls into the personnel, marketing and professional services expense categories. We've increased our head count from approximately 19,500 in 2019 to 28,800 for fiscal year 2023 for a compounded annual growth rate of 10%.

Overall expenses and net revenue both grew at a compounded annual growth rate of 9% over the same period. Our revenue per employee has remained stable, totaling over $1 million per employee, reflecting the productivity of our workforce.

Attracting, developing and advancing the best talent globally is critical to our continued success. To fulfill our strategy to invest in future growth, we expect our personnel expense to increase as we continue to grow our workforce, especially in technology and other specialized areas as we strive to provide a compelling employee compensation and benefits package.

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.
A

Thank you, Ryan. And our next question is, can you speak to the capital allocation strategy and more specifically the board's philosophy on returning excess cash to stockholders?

Copyright © 2001-2024 FactSet CallStreet, LLC

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

A

Yes. Our capital allocation priorities remain consistent year-over-year. Our first priority is to invest in our core business both organically and, as it makes sense, through acquisitions. Our business has great cash flow. Each year, we return between 20% and 25% of our earnings per share to stockholders through our dividend. We have maintained our record of annual dividend increases since the IPO.

We have also returned excess cash through buybacks, which are largely programmatic. Our stock price appreciation over the years has offered a great return on our buyback program. And finally, we do all of this while adhering to the parameters we've established for maintaining strong capital structure and strong credit ratings profile. We target a 1.2x to 1.5x gross debt-to-EBITDA ratio.

In fiscal 2023, we returned $16.1 billion in capital to stockholders by repurchasing 55.4 million shares of Class A common stock at an average price of $228.98 for $12.4 billion and paying dividends of $3.8 billion. In October, the board increased the quarterly dividend, maintaining our record of annual dividend increases since the IPO and authorized a new $25 billion multiyear share repurchase program.

Kelly Mahon Tullier
Vice Chair, Chief People & Corporate Affairs Officer & Corporate Secretary, Visa, Inc.

A

We have time for one more question. As a reminder, we will post answers to a representative set of questions that were not answered today due to time constraints on our IR website as soon as practicable after the meeting.

Our final question is, can you speak to Visa's growth strategy in India given that there is a local payment scheme?

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

A

Sure, Kelly. We view the presence of a real-time payment system in any market as a good thing. It tends to drive more efficient digitization and it brings more people into the digital economy. Based on October 2023 data from the Reserve Bank of India, nearly 60% of personal consumption expenditure was still in cash and check. So there is a significant opportunity.

Our growth strategy in India is tailored towards addressing this opportunity all while fulfilling our mission to connect the world through the most innovative, convenient, reliable and secure payments network enabling individuals, businesses and economies to thrive. We are focused on digitizing everyday spend in credit and debit through new ways to pay and be paid, being a network of choice for cross-border payments and providing small- and medium-sized businesses with innovative payment solutions. And through all of this, offering our value-added services across risk, consulting and acceptance solutions, enhancing transactions online and face-to-face for issuers, sellers and consumers.

Ryan McInerney
Chief Executive Officer & Director, Visa, Inc.

This concludes the question-and-answer portion of the meeting. Thank you, everyone, for attending Visa's 2024 annual meeting of stockholders. We appreciate your support.

Operator: The meeting has now concluded. Thank you for joining and have a pleasant day.

Copyright © 2001-2024 FactSet CallStreet, LLC

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2024 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

Copyright © 2001-2024 FactSet CallStreet, LLC