

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-33977



(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

26-0267673
(IRS Employer
Identification No.)

P.O. Box 8999
San Francisco, California
(Address of principal executive offices)

94128-8999
(Zip Code)

(650) 432-3200

(Registrant's telephone number, including area code)

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

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

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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 23, 2021, there were 1,687,643,027 shares outstanding of the registrant's class A common stock, par value \$0.0001 per share, 245,513,385 shares outstanding of the registrant's class B common stock, par value \$0.0001 per share, and 10,188,730 shares outstanding of the registrant's class C common stock, par value \$0.0001 per share.

VISA INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

VISA INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2021	September 30, 2020
	(in millions, except per share data)	
Assets		
Cash and cash equivalents	\$ 18,034	\$ 16,289
Restricted cash equivalents—U.S. litigation escrow	894	901
Investment securities	1,206	3,752
Settlement receivable	1,663	1,264
Accounts receivable	1,852	1,618
Customer collateral	2,221	1,850
Current portion of client incentives	1,321	1,214
Prepaid expenses and other current assets	851	757
Total current assets	28,042	27,645
Investment securities	1,111	231
Client incentives	3,219	3,175
Property, equipment and technology, net	2,707	2,737
Goodwill	16,021	15,910
Intangible assets, net	28,023	27,808
Other assets	3,548	3,413
Total assets	\$ 82,671	\$ 80,919
Liabilities		
Accounts payable	\$ 172	\$ 174
Settlement payable	2,376	1,736
Customer collateral	2,221	1,850
Accrued compensation and benefits	1,044	821
Client incentives	5,114	4,176
Accrued liabilities	2,196	1,840
Current maturities of debt	—	2,999
Accrued litigation	900	914
Total current liabilities	14,023	14,510
Long-term debt	20,996	21,071
Deferred tax liabilities	6,240	5,237
Other liabilities	3,622	3,891
Total liabilities	44,881	44,709
Equity		
Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:		
Series A convertible participating preferred stock, less than one shares issued and outstanding at June 30, 2021 and September 30, 2020 (the "series A preferred stock")	538	2,437
Series B convertible participating preferred stock, 2 shares issued and outstanding at June 30, 2021 and September 30, 2020 (the "UK&I preferred stock")	1,071	1,106
Series C convertible participating preferred stock, 3 shares issued and outstanding at June 30, 2021 and September 30, 2020 (the "Europe preferred stock")	1,523	1,543
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,689 and 1,683 shares issued and outstanding at June 30, 2021 and September 30, 2020, respectively	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at June 30, 2021 and September 30, 2020	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 10 and 11 shares issued and outstanding at June 30, 2021 and September 30, 2020, respectively	—	—
Right to recover for covered losses	(24)	(39)
Additional paid-in capital	18,787	16,721
Accumulated income	15,294	14,088
Accumulated other comprehensive income (loss), net:		
Investment securities	(1)	3
Defined benefit pension and other postretirement plans	(187)	(196)
Derivative instruments	(371)	(291)
Foreign currency translation adjustments	1,160	838
Total accumulated other comprehensive income (loss), net	601	354
Total equity	37,790	36,210
Total liabilities and equity	\$ 82,671	\$ 80,919

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

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions, except per share data)			
Net revenues	\$ 6,130	\$ 4,837	\$ 17,546	\$ 16,745
Operating Expenses				
Personnel	1,098	941	3,193	2,863
Marketing	268	174	679	683
Network and processing	186	172	538	536
Professional fees	108	95	273	304
Depreciation and amortization	204	197	602	571
General and administrative	204	258	770	840
Litigation provision	(2)	1	2	9
Total operating expenses	2,066	1,838	6,057	5,806
Operating income	4,064	2,999	11,489	10,939
Non-operating Income (Expense)				
Interest expense, net	(131)	(142)	(388)	(371)
Investment income and other	456	75	664	167
Total non-operating income (expense)	325	(67)	276	(204)
Income before income taxes	4,389	2,932	11,765	10,735
Income tax provision	1,814	559	3,038	2,006
Net income	\$ 2,575	\$ 2,373	\$ 8,727	\$ 8,729
Basic Earnings Per Share				
Class A common stock	\$ 1.18	\$ 1.07	\$ 3.99	\$ 3.92
Class B common stock	\$ 1.92	\$ 1.74	\$ 6.47	\$ 6.37
Class C common stock	\$ 4.72	\$ 4.29	\$ 15.94	\$ 15.70
Basic Weighted-average Shares Outstanding				
Class A common stock	1,691	1,690	1,693	1,702
Class B common stock	245	245	245	245
Class C common stock	10	11	11	11
Diluted Earnings Per Share				
Class A common stock	\$ 1.18	\$ 1.07	\$ 3.98	\$ 3.92
Class B common stock	\$ 1.91	\$ 1.74	\$ 6.46	\$ 6.36
Class C common stock	\$ 4.72	\$ 4.29	\$ 15.92	\$ 15.68
Diluted Weighted-average Shares Outstanding				
Class A common stock	2,184	2,214	2,192	2,227
Class B common stock	245	245	245	245
Class C common stock	10	11	11	11

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

VISA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Net income	\$ 2,575	\$ 2,373	\$ 8,727	\$ 8,729
Other comprehensive income (loss), net of tax:				
Investment securities:				
Net unrealized gain (loss)	(2)	(3)	(4)	2
Income tax effect	1	1	1	—
Reclassification adjustments	(1)	(1)	(1)	(3)
Income tax effect	—	1	—	1
Defined benefit pension and other postretirement plans:				
Net unrealized actuarial gain (loss) and prior service credit (cost)	—	—	(3)	2
Income tax effect	—	—	2	(1)
Reclassification adjustments	7	9	13	15
Income tax effect	(2)	(2)	(3)	(3)
Derivative instruments:				
Net unrealized gain (loss)	(95)	(106)	(112)	(247)
Income tax effect	22	23	28	54
Reclassification adjustments	14	(43)	1	(58)
Income tax effect	(2)	9	3	13
Foreign currency translation adjustments	287	277	322	621
Other comprehensive income (loss), net of tax	229	165	247	396
Comprehensive income	\$ 2,804	\$ 2,538	\$ 8,974	\$ 9,125

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

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

Three Months Ended June 30, 2021

	Preferred Stock			Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series A	Series B	Series C	Class A	Class B	Class C						
	(in millions, except per share data)											
Balance as of March 31, 2021	— ⁽¹⁾	2	3	1,694	245	11	\$ 3,347	\$ (41)	\$ 18,505	\$ 15,513	\$ 372	\$ 37,696
Net income										2,575		2,575
Other comprehensive income (loss), net of tax											229	229
Comprehensive income												2,804
VE territory covered losses incurred								(21)				(21)
Recovery through conversion rate adjustment							(40)	38				(2)
Conversion of series A preferred stock upon sales into public market	— ⁽¹⁾			3			(175)		175			—
Conversion of class C common stock upon sales into public market				2		(1)						—
Vesting of restricted stock and performance-based shares				— ⁽¹⁾								—
Share-based compensation, net of forfeitures									159			159
Restricted stock and performance-based shares settled in cash for taxes				— ⁽¹⁾					(2)			(2)
Cash proceeds from issuance of class A common stock under employee equity plans				— ⁽¹⁾					54			54
Cash dividends declared and paid, at a quarterly amount of \$0.32 per class A common stock										(698)		(698)
Repurchase of class A common stock				(10)					(104)	(2,096)		(2,200)
Balance as of June 30, 2021	<u>—⁽¹⁾</u>	<u>2</u>	<u>3</u>	<u>1,689</u>	<u>245</u>	<u>10</u>	<u>\$ 3,132</u>	<u>\$ (24)</u>	<u>\$ 18,787</u>	<u>\$ 15,294</u>	<u>\$ 601</u>	<u>\$ 37,790</u>

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

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

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

Nine Months Ended June 30, 2021

	Preferred Stock			Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series A	Series B	Series C	Class A	Class B	Class C						
	(in millions, except per share data)											
Balance as of September 30, 2020	— ⁽¹⁾	2	3	1,683	245	11	\$ 5,086	\$ (39)	\$ 16,721	\$ 14,088	\$ 354	\$ 36,210
Net income										8,727		8,727
Other comprehensive income (loss), net of tax											247	247
Comprehensive income												8,974
Adoption of new accounting standards										3		3
VE territory covered losses incurred								(38)				(38)
Recovery through conversion rate adjustment							(55)	53				(2)
Conversion of series A preferred stock upon sales into public market	— ⁽¹⁾			28			(1,899)		1,899			—
Conversion of class C common stock upon sales into public market				2		(1)						—
Vesting of restricted stock and performance-based shares				3								—
Share-based compensation, net of forfeitures									434			434
Restricted stock and performance-based shares settled in cash for taxes				(1)					(142)			(142)
Cash proceeds from issuance of common stock under employee equity plans				1					162			162
Cash dividends declared and paid, at a quarterly amount of \$0.32 per class A common stock										(2,102)		(2,102)
Repurchase of class A common stock				(27)					(287)	(5,422)		(5,709)
Balance as of June 30, 2021	<u>—⁽¹⁾</u>	<u>2</u>	<u>3</u>	<u>1,689</u>	<u>245</u>	<u>10</u>	<u>\$ 3,132</u>	<u>\$ (24)</u>	<u>\$ 18,787</u>	<u>\$ 15,294</u>	<u>\$ 601</u>	<u>\$ 37,790</u>

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

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

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

Three Months Ended June 30, 2020

	Preferred Stock		Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series B	Series C	Class A	Class B	Class C						
(in millions, except per share data)											
Balance as of March 31, 2020	2	3	1,693	245	11	\$ 5,462	\$ (184)	\$ 16,385	\$ 13,366	\$ (444)	\$ 34,585
Net income								2,373			2,373
Other comprehensive income (loss), net of tax.....										165	165
Comprehensive income											2,538
VE territory covered losses incurred							(9)				(9)
Recovery through conversion rate adjustment.....						(164)	169				5
Vesting of restricted stock and performance-based shares			— ⁽¹⁾								—
Share-based compensation, net of forfeitures								107			107
Restricted stock and performance-based shares settled in cash for taxes			— ⁽¹⁾					(3)			(3)
Cash proceeds from issuance of class A common stock under employee equity plans			— ⁽¹⁾					33			33
Cash dividends declared and paid, at a quarterly amount of \$0.30 per class A common stock									(663)		(663)
Repurchase of class A common stock			(6)					(65)	(1,004)		(1,069)
Balance as of June 30, 2020	<u>2</u>	<u>3</u>	<u>1,687</u>	<u>245</u>	<u>11</u>	<u>\$ 5,298</u>	<u>\$ (24)</u>	<u>\$ 16,457</u>	<u>\$ 14,072</u>	<u>\$ (279)</u>	<u>\$ 35,524</u>

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

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

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

Nine Months Ended June 30, 2020

	Preferred Stock		Common Stock			Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	Series B	Series C	Class A	Class B	Class C						
	(in millions, except per share data)										
Balance as of September 30, 2019	2	3	1,718	245	11	\$ 5,462	\$ (171)	\$ 16,541	\$ 13,502	\$ (650)	\$ 34,684
Net income									8,729		8,729
Other comprehensive income (loss), net of tax.....										396	396
Comprehensive income											9,125
Adoption of new accounting standards									25	(25)	—
VE territory covered losses incurred							(22)				(22)
Recovery through conversion rate adjustment						(164)	169				5
Conversion of class C common stock upon sales into public market			3		— ⁽¹⁾						—
Vesting of restricted stock and performance-based shares			3								—
Share-based compensation, net of forfeitures								322			322
Restricted stock and performance-based shares settled in cash for taxes			(1)					(158)			(158)
Cash proceeds from issuance of common stock under employee equity plans			1					142			142
Cash dividends declared and paid, at a quarterly amount of \$0.30 per class A common stock									(2,002)		(2,002)
Repurchase of class A common stock			(37)					(390)	(6,182)		(6,572)
Balance as of June 30, 2020	<u>2</u>	<u>3</u>	<u>1,687</u>	<u>245</u>	<u>11</u>	<u>\$ 5,298</u>	<u>\$ (24)</u>	<u>\$ 16,457</u>	<u>\$ 14,072</u>	<u>\$ (279)</u>	<u>\$ 35,524</u>

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

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

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 30,	
	2021	2020
	(in millions)	
Operating Activities		
Net income	\$ 8,727	\$ 8,729
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Client incentives	5,980	4,966
Share-based compensation	434	322
Depreciation and amortization of property, equipment, technology and intangible assets	602	571
Deferred income taxes	981	(116)
VE territory covered losses incurred	(38)	(22)
(Gains) losses on equity investments, net	(611)	(62)
Other	(82)	(87)
Change in operating assets and liabilities:		
Settlement receivable	(351)	966
Accounts receivable	(220)	108
Client incentives	(5,202)	(6,261)
Other assets	(164)	(464)
Accounts payable	1	7
Settlement payable	574	(1,324)
Accrued and other liabilities	639	1,058
Accrued litigation	(14)	(47)
Net cash provided by (used in) operating activities	<u>11,256</u>	<u>8,344</u>
Investing Activities		
Purchases of property, equipment and technology	(497)	(568)
Investment securities:		
Purchases	(3,223)	(549)
Proceeds from maturities and sales	5,286	3,675
Acquisitions, net of cash acquired	(75)	(77)
Purchases of / contributions to other investments	(50)	(254)
Other investing activities	105	81
Net cash provided by (used in) investing activities	<u>1,546</u>	<u>2,308</u>
Financing Activities		
Repurchase of class A common stock	(5,709)	(6,572)
Repayments of debt	(3,000)	—
Dividends paid	(2,102)	(2,002)
Proceeds from issuance of senior notes	—	3,985
Cash proceeds from issuance of class A common stock under employee equity plans	162	142
Restricted stock and performance-based shares settled in cash for taxes	(142)	(158)
Other financing activities	—	(118)
Net cash provided by (used in) financing activities	<u>(10,791)</u>	<u>(4,723)</u>
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	92	173
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	2,103	6,102
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	19,171	10,832
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	<u>\$ 21,274</u>	<u>\$ 16,934</u>
Supplemental Disclosure		
Cash paid for income taxes, net	\$ 2,134	\$ 1,793
Interest payments on debt	\$ 583	\$ 503
Accruals related to purchases of property, equipment and technology	\$ 52	\$ 34

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

**VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

Note 1—Summary of Significant Accounting Policies

Organization. Visa Inc. (“Visa” or the “Company”) is a global payments technology company that enables innovative, secure and reliable electronic payments across more than 200 countries and territories. Visa and its wholly-owned consolidated subsidiaries, including Visa U.S.A. Inc. (“Visa U.S.A.”), Visa International Service Association (“Visa International”), Visa Worldwide Pte. Limited, Visa Europe Limited (“Visa Europe”), Visa Canada Corporation (“Visa Canada”), Visa Technology & Operations LLC and CyberSource Corporation, operate one of the world’s largest electronic payments network — VisaNet — which facilitates authorization, clearing and settlement of payment transactions and enables the Company to provide its financial institution and seller clients a wide range of products, platforms and value added services. 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 accompanying unaudited 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 unaudited consolidated financial statements as of and for the periods presented. All significant intercompany accounts and transactions are eliminated in consolidation.

The accompanying unaudited consolidated financial statements are presented in accordance with the U.S. Securities and Exchange Commission (“SEC”) requirements for Quarterly Reports on Form 10-Q and, consequently, do not include all of the annual disclosures required by U.S. GAAP. Reference should be made to the Visa Annual Report on Form 10-K for the year ended September 30, 2020 for additional disclosures, including a summary of the Company’s significant accounting policies.

In the opinion of management, the accompanying unaudited consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the interim periods presented.

Use of estimates. The preparation of the accompanying unaudited 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 unaudited 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 unaudited consolidated financial statements in the period in which such changes occur. Future actual results could differ materially from these estimates. Coronavirus (“COVID-19”) has continued to create significant uncertainty in the global economy. There have been no comparable recent events that provide guidance as to the effect COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of COVID-19 and the extent to which COVID-19 continues to impact the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict.

Recently Adopted Accounting Pronouncements

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

In accordance with ASU 2016-13, the Company uses a forward-looking expected credit loss model for financial instruments measured at amortized cost. For available-for-sale debt securities, when credit loss indicators exist and a discounted cash flow approach results in a credit loss, the credit loss will be recorded through an allowance rather

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

than through an other-than-temporary impairment. In addition to recording the fair value of its settlement indemnification liability, under the new standard, the Company estimates expected credit losses and recognizes an allowance for those credit losses related to its settlement indemnification obligations.

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

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

Note 2—Acquisitions
Terminated Acquisition

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

Pending Acquisitions

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

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

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 three and nine months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Service revenues	\$ 2,828	\$ 2,409	\$ 8,350	\$ 7,587
Data processing revenues	3,327	2,525	9,356	8,100
International transaction revenues	1,696	1,102	4,635	4,953
Other revenues	409	314	1,185	1,071
Client incentives	(2,130)	(1,513)	(5,980)	(4,966)
Net revenues	\$ 6,130	\$ 4,837	\$ 17,546	\$ 16,745

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
U.S.....	\$ 2,806	\$ 2,380	\$ 8,156	\$ 7,747
International.....	3,324	2,457	9,390	8,998
Net revenues	\$ 6,130	\$ 4,837	\$ 17,546	\$ 16,745

At June 30, 2021 and September 30, 2020, deferred revenue included in accrued liabilities on the consolidated balance sheets was \$696 million and \$533 million, respectively.

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

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

	June 30, 2021	September 30, 2020
	(in millions)	
Cash and cash equivalents.....	\$ 18,034	\$ 16,289
Restricted cash and restricted cash equivalents:		
U.S. litigation escrow.....	894	901
Customer collateral.....	2,221	1,850
Prepaid expenses and other current assets.....	125	131
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 21,274	\$ 19,171

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

Under the terms of the U.S. retrospective responsibility plan, the Company maintains an escrow account from which settlements of, or judgments in, certain litigation referred to as the “U.S. covered litigation” are paid. The escrow funds are held in money market investments along with interest income earned, less applicable taxes, and are classified as restricted cash equivalents on the consolidated balance sheets. 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 13—Legal Matters*.

The following table sets forth the changes in the restricted cash equivalents—U.S. litigation escrow account:

	Nine Months Ended June 30,	
	2021	2020
	(in millions)	
Balance at beginning of period.....	\$ 901	\$ 1,205
Return of takedown payment to the litigation escrow account.....	—	467
Payments to opt-out merchants ⁽¹⁾ and interest earned on escrow funds.....	(7)	(524)
Balance at end of period	\$ 894	\$ 1,148

⁽¹⁾ These payments are associated with the Interchange Multidistrict Litigation. See *Note 13—Legal Matters*.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)
Europe Retrospective Responsibility Plan

Visa Inc., Visa International and Visa Europe are parties to certain existing and potential litigation relating to the setting of multilateral interchange fee rates in the Visa Europe territory (the “VE territory covered litigation”). Under the terms of the Europe retrospective responsibility plan, the Company is entitled to recover certain losses resulting from VE territory covered litigation (the “VE territory covered losses”) through a periodic adjustment to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. VE territory covered losses are recorded in “right to recover for covered losses” within stockholders’ equity before the corresponding adjustment to the applicable conversion rate is effected. Adjustments to the conversion rate may be executed once in any six-month period unless a single, individual loss greater than €20 million is incurred, in which case, the six-month limitation does not apply. When the adjustment to the conversion rate is made, the amount previously recorded in “right to recover for covered losses” as contra-equity is then recorded against the book value of the preferred stock within stockholders’ equity. During the three and nine months ended June 30, 2021, the Company recovered \$40 million and \$55 million, respectively, of VE territory covered losses through adjustments to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock.

The following table sets forth the activities related to VE territory covered losses in preferred stock and “right to recover for covered losses” within stockholders’ equity during the nine months ended June 30, 2021:

	Preferred Stock		Right to Recover for Covered Losses
	UK&I	Europe	
	(in millions)		
Balance as of September 30, 2020	\$ 1,106	\$ 1,543	\$ (39)
VE territory covered losses incurred ⁽¹⁾	—	—	(38)
Recovery through conversion rate adjustment ⁽²⁾	(35)	(20)	53
Balance as of June 30, 2021	\$ 1,071	\$ 1,523	\$ (24)

⁽¹⁾ VE territory covered losses incurred reflect settlements with merchants and additional legal costs. See Note 13—Legal Matters.

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

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

	June 30, 2021		September 30, 2020	
	As-converted Value of Preferred Stock ^{(1),(2)}	Book Value of Preferred Stock ⁽¹⁾	As-converted Value of Preferred Stock ^{(1),(3)}	Book Value of Preferred Stock ⁽¹⁾
	(in millions)			
UK&I preferred stock	\$ 3,666	\$ 1,071	\$ 3,168	\$ 1,106
Europe preferred stock	5,044	1,523	4,331	1,543
Total	8,710	2,594	7,499	2,649
Less: right to recover for covered losses	(24)	(24)	(39)	(39)
Total recovery for covered losses available	\$ 8,686	\$ 2,570	\$ 7,460	\$ 2,610

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

⁽²⁾ As of June 30, 2021, the as-converted value of preferred stock is calculated as the product of: (a) 2 million and 3 million shares of the UK&I and Europe preferred stock outstanding, respectively; (b) 6.321 and 6.834, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock, respectively; and (c) \$233.82, Visa’s class A common stock closing stock price.

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

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)
Note 6—Fair Value Measurements and Investments
Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using Inputs Considered as			
	Level 1		Level 2	
	June 30, 2021	September 30, 2020	June 30, 2021	September 30, 2020
	(in millions)			
Assets				
Cash equivalents and restricted cash equivalents:				
Money market funds	\$ 14,830	\$ 12,522	\$ —	\$ —
U.S. government-sponsored debt securities	—	—	600	1,469
U.S. Treasury securities	750	650	—	—
Investment securities:				
Marketable equity securities	550	148	—	—
U.S. government-sponsored debt securities	—	—	486	2,582
U.S. Treasury securities	1,271	1,253	—	—
Other current and non-current assets:				
Money market funds	3	—	—	—
Derivative instruments	—	—	389	512
Total	\$ 17,404	\$ 14,573	\$ 1,475	\$ 4,563
Liabilities				
Accrued compensation and benefits:				
Deferred compensation liability	\$ 168	\$ 135	\$ —	\$ —
Accrued and other liabilities:				
Derivative instruments	—	—	216	181
Total	\$ 168	\$ 135	\$ 216	\$ 181

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

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

U.S. government-sponsored debt securities and U.S. Treasury securities. As of June 30, 2021 and September 30, 2020, the Company held \$1.8 billion and \$3.8 billion of these available-for-sale investment securities, respectively. All of the Company's long-term available-for-sale investment securities are due within one to five years.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)
Assets Measured at Fair Value on a Non-recurring Basis

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

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

	June 30, 2021
	(in millions)
Initial cost basis	\$ 857
Adjustments:	
Upward adjustments	446
Downward adjustments (including impairment)	(13)
Carrying amount, end of period	\$ 1,290

During the three and nine months ended June 30, 2021 and 2020, unrealized gains and losses included in the carrying value of the Company's non-marketable equity securities still held as of June 30, 2021 and 2020 were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Upward adjustments	\$ 180	\$ 56	\$ 323	\$ 65
Downward adjustments (including impairment)	\$ —	\$ (6)	\$ (2)	\$ (6)

The Company recognized net unrealized gains on marketable and non-marketable equity securities still held as of quarter end of \$434 million and \$68 million for the three months ended June 30, 2021 and 2020, respectively, and \$610 million and \$59 million for the nine months ended June 30, 2021 and 2020, respectively.

Non-financial assets and liabilities. Long-lived assets such as goodwill, indefinite-lived intangible assets, finite-lived intangible assets and property, equipment and technology are considered non-financial assets. The Company does not have any non-financial liabilities measured at fair value on a non-recurring basis. Finite-lived intangible assets primarily consist of customer relationships and trade names, all of which were obtained through acquisitions.

If the Company were required to perform a quantitative assessment for impairment testing of goodwill and indefinite-lived intangible assets, the fair values would generally be estimated using an income approach. As the assumptions employed to measure these assets on a non-recurring basis are based on management's judgment using internal and external data, these fair value determinations are classified as Level 3 in the fair value hierarchy. The Company completed its annual impairment review of its indefinite-lived intangible assets and goodwill as of February 1, 2021, and concluded that there was no impairment. No recent events or changes in circumstances indicate that impairment existed at June 30, 2021.

Other Fair Value Disclosures

Debt. Debt instruments are measured at amortized cost on the Company's unaudited 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 June 30, 2021, the carrying value and estimated fair value of debt was \$21.0 billion and \$22.9 billion, respectively. As of September 30, 2020, the carrying value and estimated fair value of debt was \$24.1 billion and \$26.6 billion, respectively.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

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

Note 7—Debt

The Company had outstanding debt as follows:

	June 30, 2021	September 30, 2020	Effective Interest Rate ⁽¹⁾
(in millions, except percentages)			
2.20% Senior Notes due December 2020	\$ —	\$ 3,000	2.30 %
2.15% Senior Notes due September 2022	1,000	1,000	2.30 %
2.80% Senior Notes due December 2022	2,250	2,250	2.89 %
3.15% Senior Notes due December 2025	4,000	4,000	3.26 %
1.90% Senior Notes due April 2027	1,500	1,500	2.02 %
0.75% Senior Notes due August 2027	500	500	0.84 %
2.75% Senior Notes due September 2027	750	750	2.91 %
2.05% Senior Notes due April 2030	1,500	1,500	2.13 %
1.10% Senior Notes due February 2031	1,000	1,000	1.20 %
4.15% Senior Notes due December 2035	1,500	1,500	4.23 %
2.70% Senior Notes due April 2040	1,000	1,000	2.80 %
4.30% Senior Notes due December 2045	3,500	3,500	4.37 %
3.65% Senior Notes due September 2047	750	750	3.73 %
2.00% Senior Notes due August 2050	1,750	1,750	2.09 %
Total debt	21,000	24,000	
Unamortized discounts and debt issuance costs	(165)	(178)	
Hedge accounting fair value adjustments ⁽²⁾	161	248	
Total carrying value of debt	\$ 20,996	\$ 24,070	
Reported as:			
Current maturities of debt	\$ —	\$ 2,999	
Long-term debt	20,996	21,071	
Total carrying value of debt	\$ 20,996	\$ 24,070	

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

⁽²⁾ Represents the change in fair value of interest rate swap agreements entered into on a portion of outstanding senior notes.

Senior Notes

During the nine months ended June 30, 2021, the Company repaid \$3.0 billion of principal upon maturity of its senior notes due December 14, 2020.

Note 8—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.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

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

The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time, which vary significantly day to day. During the nine months ended June 30, 2021, the Company's maximum daily settlement exposure was \$104.1 billion and the average daily settlement exposure was \$63.9 billion.

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

	June 30, 2021	September 30, 2020
	(in millions)	
Restricted cash and restricted cash equivalents	\$ 2,221	\$ 1,850
Pledged securities at market value	253	228
Letters of credit	1,402	1,306
Guarantees	729	717
Total	\$ 4,605	\$ 4,101

Note 9—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:

	June 30, 2021			September 30, 2020		
	Shares Outstanding	Conversion Rate Into Class A Common Stock	As- converted Class A Common Stock ⁽¹⁾	Shares Outstanding	Conversion Rate Into Class A Common Stock	As- converted Class A Common Stock ⁽¹⁾
	(in millions, except conversion rates)					
Series A preferred stock	— ⁽²⁾	100.0000	8	— ⁽²⁾	100.0000	35
UK&I preferred stock	2	6.3210	16	2	6.3870	16
Europe preferred stock	3	6.8340	22	3	6.8610	22
Class A common stock ⁽³⁾	1,689	—	1,689	1,683	—	1,683
Class B common stock	245	1.6228 ⁽⁴⁾	398	245	1.6228 ⁽⁴⁾	398
Class C common stock	10	4.0000	41	11	4.0000	43
Total			2,174			2,197

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

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

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

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

Reduction in as-converted shares. Under the terms of the Europe retrospective responsibility plan, the Company is entitled to recover VE territory covered losses through periodic adjustments to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. The recovery has the same economic effect on earnings per share as repurchasing the Company's class A common stock, because it reduces the UK&I and Europe preferred stock conversion rates and consequently, reduces the as-converted class A common stock share count.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

The following table presents the reduction in as-converted UK&I and Europe preferred stock after the Company recovered VE territory covered losses through conversion rate adjustments in the nine months ended June 30, 2021 and 2020:

	Nine Months Ended June 30, 2021		Nine Months Ended June 30, 2020	
	UK&I	Europe	UK&I	Europe
	(in millions, except per share data)			
Reduction in equivalent number of as-converted shares of class A common stock	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	1
Effective price per share ⁽²⁾	\$ 220.84	\$ 220.71	\$ 180.00	\$ 180.00
Recovery through conversion rate adjustment	\$ 35	\$ 20	\$ 72	\$ 92

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

⁽²⁾ Effective price per share for the quarter 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 convertible participating preferred stock. Effective price per share is calculated using the weighted-average effective prices of the respective adjustments made during the year.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	(in millions, except per share data)			
Shares repurchased in the open market ⁽¹⁾	10	6	27	37
Average repurchase price per share ⁽²⁾	\$ 227.11	\$ 177.86	\$ 213.02	\$ 179.91
Total cost ⁽²⁾	\$ 2,200	\$ 1,069	\$ 5,709	\$ 6,572

⁽¹⁾ Shares repurchased in the open market reflect repurchases that settled during the three and nine months ended June 30, 2021 and 2020, respectively. All shares repurchased in the open market have been retired and constitute authorized but unissued shares.

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

In January 2020, the Company's board of directors authorized a \$9.5 billion share repurchase program and in January 2021, authorized an additional \$8.0 billion share repurchase program (the "January 2021 Program"). These authorizations have no expiration date. As of June 30, 2021, the Company's repurchase program had remaining authorized funds of \$7.8 billion. All share repurchase programs authorized prior to the January 2021 Program have been completed.

Dividends. On July 23, 2021, the Company's board of directors declared a quarterly cash dividend of \$0.32 per share of class A common stock (determined in the case of class B and C common stock and series A, UK&I and Europe preferred stock on an as-converted basis), which will be paid on September 1, 2021, to all holders of record as of August 13, 2021. The Company declared and paid dividends of \$698 million and \$663 million during the three months ended June 30, 2021 and 2020, respectively, and \$2.1 billion and \$2.0 billion during the nine months ended June 30, 2021 and 2020, respectively.

Note 10—Earnings Per Share

Basic earnings per share is computed by dividing net income available to each class of shares by the weighted-average number of shares of common stock outstanding and participating securities during the period. 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 9—Stockholders' Equity*.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

Diluted earnings per share is computed by dividing net income available by the weighted-average number of shares of common stock outstanding, participating securities and, if dilutive, potential class A common stock equivalent shares outstanding during the period. Dilutive class A common stock equivalents may consist of: (1) shares of class A common stock issuable upon the conversion of series A, UK&I and Europe 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.

The following table presents earnings per share for the three months ended June 30, 2021:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 1,996	1,691	\$ 1.18	\$ 2,575	2,184 ⁽³⁾	\$ 1.18
Class B common stock	470	245	\$ 1.92	\$ 470	245	\$ 1.91
Class C common stock	49	10	\$ 4.72	\$ 49	10	\$ 4.72
Participating securities ⁽⁴⁾	60	Not presented	Not presented	\$ 60	Not presented	Not presented
Net income	\$ 2,575					

The following table presents earnings per share for the nine months ended June 30, 2021:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 6,748	1,693	\$ 3.99	\$ 8,727	2,192 ⁽³⁾	\$ 3.98
Class B common stock	1,588	245	\$ 6.47	\$ 1,586	245	\$ 6.46
Class C common stock	169	11	\$ 15.94	\$ 169	11	\$ 15.92
Participating securities ⁽⁴⁾	222	Not presented	Not presented	\$ 221	Not presented	Not presented
Net income	\$ 8,727					

The following table presents earnings per share for the three months ended June 30, 2020:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 1,814	1,690	\$ 1.07	\$ 2,373	2,214 ⁽³⁾	\$ 1.07
Class B common stock	428	245	\$ 1.74	\$ 427	245	\$ 1.74
Class C common stock	46	11	\$ 4.29	\$ 47	11	\$ 4.29
Participating securities ⁽⁴⁾	85	Not presented	Not presented	\$ 85	Not presented	Not presented
Net income	\$ 2,373					

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

The following table presents earnings per share for the nine months ended June 30, 2020:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾	Income Allocation (A) ⁽¹⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B) ⁽²⁾
(in millions, except per share data)						
Class A common stock	\$ 6,679	1,702	\$ 3.92	\$ 8,729	2,227 ⁽³⁾	\$ 3.92
Class B common stock	1,564	245	\$ 6.37	\$ 1,561	245	\$ 6.36
Class C common stock	172	11	\$ 15.70	\$ 172	11	\$ 15.68
Participating securities ⁽⁴⁾	314	Not presented	Not presented	\$ 314	Not presented	Not presented
Net income	<u>\$ 8,729</u>					

⁽¹⁾ Net income is allocated based on proportional ownership on an as-converted basis. The weighted-average number of shares of as-converted class B common stock used in the income allocation was 398 million for the three and nine months ended June 30, 2021 and 2020. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 42 million for the three and nine months ended June 30, 2021 and 43 million and 44 million for the three and nine months ended June 30, 2020, respectively. The weighted-average number of shares of preferred stock included within participating securities was 9 million and 14 million of as-converted series A preferred stock for the three and nine months ended June 30, 2021, respectively, 16 million and 32 million of as-converted UK&I preferred stock for the three and nine months ended June 30, 2021 and 2020, respectively, and 22 million and 44 million of as-converted Europe preferred stock for the three and nine months ended June 30, 2021 and 2020, respectively.

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

⁽³⁾ Weighted-average diluted shares outstanding are calculated on an as-converted basis and include incremental common stock equivalents, as calculated under the treasury stock method. The computation includes common stock equivalents of 3 million for the three and nine months ended June 30, 2021 and 2020 because their effect would have been dilutive. The computation excludes common stock equivalents of less than 1 million for the three and nine months ended June 30, 2021 and 1 million for the three and nine months ended June 30, 2020, because their effect would have been anti-dilutive.

⁽⁴⁾ Participating securities include preferred stock outstanding and unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, such as the Company's series A preferred stock, UK&I and Europe preferred stock and restricted stock units. Participating securities' income is allocated based on the weighted-average number of shares of as-converted stock.

Note 11—Share-based Compensation

The Company granted the following equity awards to employees and non-employee directors under the 2007 Equity Incentive Compensation Plan, or the EIP, during the nine months ended June 30, 2021:

	Granted	Weighted-Average Grant Date Fair Value	Weighted-Average Exercise Price
Non-qualified stock options	1,022,430	\$ 39.51	\$ 207.57
Restricted stock units	2,395,264	\$ 208.05	
Performance-based shares ⁽¹⁾	432,714	\$ 229.81	

⁽¹⁾ Represents the maximum number of performance-based shares which could be earned.

Related to the EIP, the Company recorded share-based compensation cost, net of estimated forfeitures, of \$153 million and \$102 million for the three months ended June 30, 2021 and 2020, respectively, and \$417 million and \$306 million for the nine months ended June 30, 2021 and 2020, respectively.

On January 26, 2021, the EIP was amended to extend the termination date from January 31, 2022 to January 26, 2031 and reduce the number of shares authorized for grant from 236 million to 198 million. Additionally, shares available for grant may be either unissued or previously issued shares subsequently acquired by the Company, except that 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.

VISA INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)****Note 12—Income Taxes**

The effective income tax rates were 41% and 26% for the three and nine months ended June 30, 2021, respectively, and 19% for the three and nine months ended June 30, 2020. The effective tax rates for the three and nine months ended June 30, 2021 differ from the effective tax rates for the same periods in the prior year primarily due to the following:

- during the three months ended June 30, 2021, a \$1.0 billion non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed below;
- during the three months ended June 30, 2021, a \$51 million tax benefit as a result of a tax position taken on certain expenses; and
- during the nine months ended June 30, 2021, \$147 million of tax benefits as a result of the conclusion of audits by taxing authorities.

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

During the three months ended June 30, 2021, the Company's gross and net unrecognized tax benefits increased by \$80 million and \$39 million, respectively. During the nine months ended June 30, 2021, the Company's gross and net unrecognized tax benefits decreased by \$37 million and \$137 million, respectively. The change in unrecognized tax benefits is related to various tax positions across several jurisdictions. Additionally, for the nine month period, the decrease in unrecognized tax benefits is primarily due to the recognition of previously unrecognized tax benefits as a result of the conclusion of audits by taxing authorities, partially offset by increases in gross timing differences. During the three and nine months ended June 30, 2021, there were no significant changes in accrued interest related to uncertain tax positions. During the three and nine months ended June 30, 2020, the Company's accrued interest related to uncertain tax positions increased by \$18 million and \$56 million, respectively.

The Company's tax filings are subject to examination by U.S. federal, state and foreign taxing authorities. The timing and outcome of the final resolutions of the various ongoing income tax examinations are highly uncertain. It is not reasonably possible to estimate the increase or decrease in unrecognized tax benefits within the next twelve months.

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

The American Rescue Plan Act of 2021 (the "ARP Act") was enacted in the U.S. on March 11, 2021. The ARP Act is not expected to have a material impact on the Company's financial results.

Note 13—Legal Matters

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

The litigation accrual is an estimate and is based on management's understanding of the Company's 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.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

The following table summarizes the activity related to accrued litigation:

	Nine Months Ended June 30,	
	2021	2020
	(in millions)	
Balance at beginning of period.....	\$ 914	\$ 1,203
Provision for uncovered legal matters.....	5	7
Provision for covered legal matters.....	23	14
Reestablishment of prior accrual related to interchange multidistrict litigation.....	—	467
Payments for legal matters.....	(42)	(535)
Balance at end of period.....	\$ 900	\$ 1,156

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:

	Nine Months Ended June 30,	
	2021	2020
	(in millions)	
Balance at beginning of period.....	\$ 888	\$ 1,198
Reestablishment of prior accrual related to interchange multidistrict litigation.....	—	467
Payments for U.S. covered litigation.....	(7)	(529)
Balance at end of period.....	\$ 881	\$ 1,136

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 UK&I preferred stock and Europe 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*.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

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

	Nine Months Ended June 30,	
	2021	2020
	(in millions)	
Balance at beginning of period.....	\$ 21	\$ 5
Provision for VE territory covered litigation.....	23	14
Payments for VE territory covered litigation.....	(29)	(5)
Balance at end of period.....	\$ 15	\$ 14

U.S. Covered Litigation

Interchange Multidistrict Litigation (MDL) – Putative Class Actions

On December 18, 2020, the plaintiffs purporting to act on behalf of the putative Injunctive Relief Class moved for class certification.

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. The complaints allege violations of the antitrust laws of those jurisdictions and seek recovery for plaintiffs as indirect purchasers. To the extent that those plaintiffs' claims are not released by the Amended Settlement Agreement, Visa believes they are covered by the U.S. Retrospective Responsibility Plan.

Interchange Multidistrict Litigation (MDL) - Individual Merchant Actions

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

VE Territory Covered Litigation

Europe Merchant Litigation

Since July 2013, in excess of 700 Merchants (the capitalized term “Merchant,” when used in this section, means a merchant together with subsidiary/affiliate companies that are party to the same claim) have commenced proceedings against Visa Europe, Visa Inc. and other Visa subsidiaries in the UK, Belgium and Poland primarily relating to interchange rates in Europe and in some cases relating to fees charged by Visa and certain Visa rules. As of the filing date, Visa Europe, Visa Inc. and other Visa subsidiaries have settled the claims asserted by over 100 Merchants, leaving more than 550 Merchants with outstanding claims. In addition, over 30 additional Merchants have threatened to commence similar proceedings. Standstill agreements have been entered into with respect to some of those threatened Merchant claims, several of which have been settled.

With regard to the claim asserted by one Merchant, trial before the UK Competition Appeal Tribunal to determine the lawful amount, if any, the plaintiff may be entitled to recover is set for June 2022. Other plaintiffs, whose claims were effectively stayed pending the Supreme Court of the United Kingdom's judgment, are moving their claims forward, mostly before the UK Competition Appeal Tribunal.

VISA INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)*****Other Litigation****Canadian Merchant Litigation*

All defendants have settled with the plaintiffs. The appeals by Wal-Mart Canada and/or Home Depot of Canada Inc. of the decisions approving the Visa and Mastercard settlements have been rejected in all five provinces. Wal-Mart Canada and Home Depot of Canada Inc. sought leave to appeal the British Columbia, Quebec, Ontario and Saskatchewan Courts of Appeal decisions to the Supreme Court of Canada, and those applications were denied. Wal-Mart Canada and Home Depot of Canada Inc. chose not to appeal the Alberta Court of Appeal decision to the Supreme Court of Canada, and the Visa and Mastercard settlements are now final.

EMV Chip Liability Shift

On January 19, 2021, the U.S. Court of Appeals for the Second Circuit denied defendants' request to appeal the district court's decision granting plaintiffs' motion for class certification.

Australian Competition and Consumer Commission

On March 9, 2021, the Australian Competition and Consumer Commission accepted an undertaking by Visa to resolve the investigation. The investigation is now closed.

Euronet Litigation

In the claim by Euronet 360 Finance Limited, Euronet Polska Spolka z.o.o. and Euronet Services spol. s.r.o., trial has been scheduled for a date on or after October 2, 2023.

Plaid Inc. Acquisition

On January 12, 2021, the case filed by the U.S. Department of Justice against Visa and Plaid was dismissed.

German ATM Litigation

In December 2020 and January 2021, six savings banks and cooperative banks filed claims in Germany against Visa Europe challenging Visa's ATM rules prohibiting the charging of access fees on domestic cash withdrawals with a credit card as anti-competitive. No damages are currently sought. On December 24, 2020, 275 German savings banks initiated conciliation proceedings against Visa Europe, Visa Europe Services, LLC., and Visa Europe Services, Inc. asserting claims related to the same rules. Visa declined participation in these proceedings on March 22, 2021. On April 30, 2021, Visa filed defenses challenging the jurisdiction of the German courts to hear claims brought by certain banks.

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

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

Foreign Currency Exchange Rate Litigation

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

ITEM 2. 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 the 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 our unaudited consolidated financial statements and related notes included in Item 1—Financial Statements of this report.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, the impact on our future financial position, results of operations and cash flows as a result of the ongoing effects of the coronavirus (“COVID-19”) pandemic, the measures taken in response, as well as the speed and strength of an economic recovery; 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 “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 our SEC filings, including our Annual Report on Form 10-K, for the year ended September 30, 2020 and our subsequent reports on Forms 10-Q and 8-K. 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.

Overview

Visa is a global payments technology company that enables innovative, secure and reliable electronic payments across more than 200 countries and territories. We facilitate digital payments across a global network of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies. Our advanced transaction processing network, VisaNet, enables authorization, clearing and settlement of payment transactions and allows us to provide our financial institution and merchant clients a wide range of products, platforms and value added services.

Financial overview. Our as-reported U.S. GAAP and non-GAAP net income and diluted earnings per share are as follows:

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2021	2020	% Change ⁽¹⁾	2021	2020	% Change ⁽¹⁾
(in millions, except percentages and per share data)						
Net income, as reported	\$ 2,575	\$ 2,373	9 %	\$ 8,727	\$ 8,729	— %
Diluted earnings per share, as reported	\$ 1.18	\$ 1.07	10 %	\$ 3.98	\$ 3.92	2 %
Non-GAAP net income ⁽²⁾	\$ 3,256	\$ 2,347	39 %	\$ 9,412	\$ 8,717	8 %
Non-GAAP diluted earnings per share ⁽²⁾	\$ 1.49	\$ 1.06	41 %	\$ 4.29	\$ 3.91	10 %

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

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

Coronavirus. COVID-19 continues to have an impact globally. While we have been actively monitoring the worldwide spread of COVID-19, the extent to which COVID-19 continues to impact our business remains difficult to predict. Our priority remains the safety of our employees, clients and the communities in which we live and operate. We are taking a measured approach in bringing our employees back in the office, with most of our employees currently working remotely. We continue to remain in close and regular contact with our employees, clients, partners and with governments globally to help them navigate these challenging times.

During the quarter, the year-over-year growth in payments volume, processed transactions, and cross-border volume all improved at various paces globally. The impact that COVID-19 continues to have on our business remains difficult to predict due to numerous uncertainties, including the transmissibility, severity, duration and resurgence of the outbreak, new variants of the virus, the effectiveness of social distancing measures or actions that are voluntarily adopted by the public or required by governments or public health authorities, the availability and rollout of effective treatments or vaccines, the timing of an economic recovery, and the impact to our employees and our operations, the business of our clients, supplier and business partners, and other factors identified in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended September 30 2020, filed with the SEC on November 19, 2020. We will continue to evaluate the nature and extent of the impact to our business.

Highlights for the first nine months of fiscal 2021. For the three and nine months ended June 30, 2021, net revenues were \$6.1 billion and \$17.5 billion, respectively, and increased 27% and 5% over the prior-year comparable periods, respectively. The three-month year-over-year changes were primarily due to the growth in nominal payments volume, processed transactions and nominal cross-border volume, as the business laps the initial impacts of COVID-19 starting in March 2020 and various markets relaxed restrictions, partially offset by higher client incentives. The nine-month year-over-year changes were primarily due to the growth in nominal payments volume and processed transactions, partially offset by higher client incentives and lower nominal cross-border volume. During the three and nine months ended June 30, 2021, exchange rate movements, which are partially mitigated by our hedging program, positively impacted our net revenues by approximately one percentage point and one half of a percentage point, respectively.

For the three months ended June 30, 2021, GAAP operating expenses were \$2.1 billion and increased 12% over the prior-year comparable period, primarily driven by higher personnel expenses and higher marketing expenses, partially offset by lower general and administrative expenses. For the nine months ended June 30, 2021, GAAP operating expenses were \$6.1 billion and increased 4% over the prior-year comparable period, primarily driven by higher personnel expenses, partially offset by lower general and administrative expenses.

For the three months ended June 30, 2021, non-GAAP operating expenses were \$2.0 billion and increased 12% over the prior-year comparable period, primarily due to higher personnel expenses and higher marketing expenses, partially offset by lower general and administrative expenses. For the nine months ended June 30, 2021, non-GAAP operating expenses were \$5.9 billion and increased 2% over the prior-year comparable period, primarily driven by higher personnel expenses, partially offset by lower general and administrative expenses.

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

- *Gains and losses on equity investments.* Gains and losses on equity investments include periodic non-cash fair value adjustments and gains and losses upon sale of an investment. These long-term investments are strategic in nature and are primarily private company investments. Gains and losses and the related tax impacts associated with these investments are tied to the performance of the companies that we invest in and therefore do not correlate to the underlying performance of our business.
- *Amortization of acquired intangible assets.* Amortization of acquired intangible assets consists of amortization of intangible assets such as developed technology, customer relationships and brands acquired in connection with business combinations executed beginning in fiscal 2019. Amortization charges for our acquired intangible assets are non-cash and are significantly affected by the timing, frequency and size of our acquisitions, rather than our core operations. As such, we have excluded this amount and the related tax impact to facilitate an evaluation of our current operating performance and comparison to our past operating performance.
- *Acquisition-related costs.* Acquisition-related costs consist primarily of one-time transaction and integration costs associated with our business combinations. These costs include professional fees, technology integration fees, restructuring activities and other direct costs related to the purchase and integration of acquired entities. It also includes retention equity and deferred equity compensation when they are agreed upon as part of the purchase price of the transaction but are required to be recognized as expense post-combination. We have excluded these amounts and the related tax impacts as the expenses are recognized for a limited duration and do not reflect the underlying performance of our business.
- *Remeasurement of deferred tax balances.* During the three and nine months ended June 30, 2021, in connection with the UK enacted legislation on June 10, 2021 that will increase the tax rate from 19% to 25%, effective April 1, 2023, we remeasured our net deferred tax liabilities, resulting in the recognition of a non-recurring, non-cash income tax expense of \$1.0 billion.
- *Indirect taxes.* During the nine months ended June 30, 2021, we recognized a one-time charge within general and administrative expense of \$152 million, before tax. Net of the related income tax benefit of \$40 million, determined by applying applicable tax rates, non-GAAP net income increased by \$112 million. This charge is to record our estimate of probable additional indirect taxes, related to prior periods, for which we could be liable as a result of certain changes in applicable law. This one-time charge is not representative of our ongoing operations.

Non-GAAP operating expense, 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 three and nine months ended June 30, 2021 and 2020.

Three Months Ended June 30, 2021

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 2,066	\$ 325	\$ 1,814	41.3 %	\$ 2,575	\$ 1.18
(Gains) losses on equity investments, net	—	(439)	(99)		(340)	(0.16)
Amortization of acquired intangible assets	(13)	—	3		10	—
Acquisition-related costs	(5)	—	1		4	—
Remeasurement of deferred tax balances	—	—	(1,007)		1,007	0.46
Non-GAAP	<u>\$ 2,048</u>	<u>\$ (114)</u>	<u>\$ 712</u>	17.9 %	<u>\$ 3,256</u>	<u>\$ 1.49</u>

Nine Months Ended June 30, 2021

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 6,057	\$ 276	\$ 3,038	25.8 %	\$ 8,727	\$ 3.98
(Gains) losses on equity investments, net	—	(611)	(138)		(473)	(0.22)
Amortization of acquired intangible assets	(38)	—	9		29	0.01
Acquisition-related costs	(13)	—	3		10	—
Remeasurement of deferred tax balances	—	—	(1,007)		1,007	0.46
Indirect taxes	(152)	—	40		112	0.05
Non-GAAP	<u>\$ 5,854</u>	<u>\$ (335)</u>	<u>\$ 1,945</u>	17.1 %	<u>\$ 9,412</u>	<u>\$ 4.29</u>

Three Months Ended June 30, 2020

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 1,838	\$ (67)	\$ 559	19.1 %	\$ 2,373	\$ 1.07
(Gains) losses on equity investments, net	—	(51)	(11)		(40)	(0.02)
Amortization of acquired intangible assets	(13)	—	3		10	—
Acquisition-related costs	(4)	—	—		4	—
Non-GAAP	<u>\$ 1,821</u>	<u>\$ (118)</u>	<u>\$ 551</u>	19.0 %	<u>\$ 2,347</u>	<u>\$ 1.06</u>

Nine Months Ended June 30, 2020

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 5,806	\$ (204)	\$ 2,006	18.7 %	\$ 8,729	\$ 3.92
(Gains) losses on equity investments, net	—	(62)	(14)		(48)	(0.02)
Amortization of acquired intangible assets	(35)	—	8		27	0.01
Acquisition-related costs	(11)	—	2		9	—
Non-GAAP	<u>\$ 5,760</u>	<u>\$ (266)</u>	<u>\$ 2,002</u>	18.7 %	<u>\$ 8,717</u>	<u>\$ 3.91</u>

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

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

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

Common stock repurchases. During the three months ended June 30, 2021, we repurchased 10 million shares of our class A common stock in the open market for \$2.2 billion. As of June 30, 2021, our repurchase program had remaining authorized funds of \$7.8 billion. See *Note 9—Stockholders’ Equity* to our unaudited consolidated financial statements.

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.

For the three and nine months ended March 31, 2021⁽¹⁾, nominal payments volume growth in the U.S. was 18% and 11%, respectively, driven mainly by consumer debit. For the three and nine months ended March 31, 2021, nominal international payments volume growth was 10% and 4%, respectively, positively impacted by movements in U.S. dollar exchange rates. For the same comparable periods, international payments volume growth on a constant-dollar basis, which excludes the impact of exchange rate movements, was 6% and 3%, respectively. Processed transactions increased as the business laps the initial impacts of COVID-19 starting in March 2020 and the increase also reflects the ongoing worldwide shift to electronic payments.

The following table presents nominal payments and cash volume:

	U.S.			International			Visa Inc.		
	Three Months Ended March 31, ⁽¹⁾			Three Months Ended March 31, ⁽¹⁾			Three Months Ended March 31, ⁽¹⁾		
	2021	2020	% Change ⁽²⁾	2021	2020	% Change ⁽²⁾	2021	2020	% Change ⁽²⁾
(in billions, except percentages)									
Nominal payments volume									
Consumer credit	\$ 384	\$ 371	3 %	\$ 583	\$ 567	3 %	\$ 967	\$ 938	3 %
Consumer debit ⁽³⁾	607	451	34 %	584	490	19 %	1,191	942	26 %
Commercial ⁽⁴⁾	167	160	4 %	99	91	9 %	265	251	6 %
Total nominal payments volume⁽²⁾	1,157	983	18 %	1,266	1,148	10 %	2,423	2,131	14 %
Cash volume	158	139	14 %	463	508	(9)%	621	647	(4)%
Total nominal volume^{(2),(5)}	\$ 1,315	\$ 1,122	17 %	\$ 1,729	\$ 1,656	4 %	\$ 3,044	\$ 2,778	10 %

	U.S.			International			Visa Inc.		
	Nine Months Ended March 31, ⁽¹⁾			Nine Months Ended March 31, ⁽¹⁾			Nine Months Ended March 31, ⁽¹⁾		
	2021	2020	% Change ⁽²⁾	2021	2020	% Change ⁽²⁾	2021	2020	% Change ⁽²⁾
(in billions, except percentages)									
Nominal payments volume									
Consumer credit	\$ 1,175	\$ 1,200	(2)%	\$ 1,777	\$ 1,874	(5)%	\$ 2,952	\$ 3,074	(4)%
Consumer debit ⁽³⁾	1,717	1,356	27 %	1,782	1,528	17 %	3,500	2,884	21 %
Commercial ⁽⁴⁾	501	502	— %	296	299	(1)%	797	801	— %
Total nominal payments volume⁽²⁾	3,393	3,057	11 %	3,855	3,702	4 %	7,248	6,759	7 %
Cash volume	466	431	8 %	1,443	1,649	(12)%	1,909	2,081	(8)%
Total nominal volume^{(2),(5)}	\$ 3,859	\$ 3,489	11 %	\$ 5,298	\$ 5,351	(1)%	\$ 9,158	\$ 8,840	4 %

The following table presents nominal and constant payments and cash volume growth:

	International		Visa Inc.		International		Visa Inc.	
	Three Months Ended March 31, 2021 vs. 2020 ^{(1),(2)}		Three Months Ended March 31, 2021 vs. 2020 ^{(1),(2)}		Nine Months Ended March 31, 2021 vs. 2020 ^{(1),(2)}		Nine Months Ended March 31, 2021 vs. 2020 ^{(1),(2)}	
	Nominal	Constant ⁽⁶⁾	Nominal	Constant ⁽⁶⁾	Nominal	Constant ⁽⁶⁾	Nominal	Constant ⁽⁶⁾
Payments volume growth								
Consumer credit growth	3 %	(1)%	3 %	1 %	(5)%	(6)%	(4)%	(5)%
Consumer debit growth ⁽³⁾	19 %	15 %	26 %	24 %	17 %	16 %	21 %	21 %
Commercial growth ⁽⁴⁾	9 %	4 %	6 %	4 %	(1)%	(2)%	— %	(1)%
Total payments volume growth	10 %	6 %	14 %	11 %	4 %	3 %	7 %	7 %
Cash volume growth	(9)%	(7)%	(4)%	(3)%	(12)%	(9)%	(8)%	(5)%
Total volume growth	4 %	2 %	10 %	8 %	(1)%	— %	4 %	4 %

⁽¹⁾ Service revenues in a given quarter are assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the three and nine months ended June 30, 2021 and 2020, respectively, were based on nominal payments volume reported by our financial institution clients for the three and nine months ended March 31, 2021 and 2020, respectively.

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

⁽³⁾ Includes consumer prepaid volume and Interlink volume.

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

⁽⁵⁾ Total nominal volume is the sum of total nominal payments volume and cash volume. Total nominal payments volume is the total monetary value of transactions for goods and services that are purchased on cards and other form factors carrying the Visa, Visa Electron, Interlink and V PAY brands. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks. Total nominal volume is provided by our financial institution clients, subject to review by Visa. On occasion, previously presented volume information may be updated. Prior-period updates are not material.

⁽⁶⁾ Growth on a constant-dollar basis excludes the impact of foreign currency fluctuations against the U.S. dollar.

The following table provides the number of transactions involving cards and other form factors carrying the Visa, Visa Electron, Interlink, V PAY and PLUS cards processed on Visa's networks during the periods presented:

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2021	2020	% Change ⁽¹⁾	2021	2020	% Change ⁽¹⁾
	(in millions, except percentages)					
Visa processed transactions	42,561	30,676	39 %	119,418	103,391	16 %

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

Results of Operations

Net Revenues

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

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2021	2020	\$ Change	% Change ⁽¹⁾	2021	2020	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)							
U.S.	\$ 2,806	\$ 2,380	\$ 426	18 %	\$ 8,156	\$ 7,747	\$ 409	5 %
International	3,324	2,457	867	35 %	9,390	8,998	392	4 %
Net revenues	\$ 6,130	\$ 4,837	\$ 1,293	27 %	\$ 17,546	\$ 16,745	\$ 801	5 %

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

During the three-month comparable periods, net revenues increased primarily due to the growth in nominal payments volume, processed transactions and nominal cross-border volume, driven by fewer COVID-19 restrictions, partially offset by higher client incentives. During the nine-month comparable periods, net revenues increased primarily due to the growth in nominal payments volume and processed transactions, partially offset by higher client incentives and lower nominal cross-border volume.

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. During the three and nine months ended June 30, 2021, exchange rate movements, which are partially mitigated by our hedging program, positively impacted our net revenues by approximately one percentage point and one half of a percentage point, respectively.

The following table sets forth the components of our net revenues:

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2021	2020	\$ Change	% Change ⁽¹⁾	2021	2020	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)							
Service revenues	\$ 2,828	\$ 2,409	\$ 419	17 %	\$ 8,350	\$ 7,587	\$ 763	10 %
Data processing revenues	3,327	2,525	802	32 %	9,356	8,100	1,256	15 %
International transaction revenues	1,696	1,102	594	54 %	4,635	4,953	(318)	(6)%
Other revenues	409	314	95	31 %	1,185	1,071	114	11 %
Client incentives	(2,130)	(1,513)	(617)	41 %	(5,980)	(4,966)	(1,014)	20 %
Net revenues	\$ 6,130	\$ 4,837	\$ 1,293	27 %	\$ 17,546	\$ 16,745	\$ 801	5 %

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

- *Service revenues* increased primarily due to 14% and 7% growth in nominal payments volume during the three and nine-month comparable periods, respectively. Service revenues were also impacted by select pricing modifications and business mix.

- *Data processing revenues* increased mainly due to overall growth in processed transactions of 39% and 16% during the three and nine-month comparable periods, respectively, as the business laps the initial impacts of COVID-19 starting in March 2020 and various markets relaxed restrictions. For the three-month comparable period, the growth of data processing revenues was negatively impacted by an unfavorable business mix.
- *International transaction revenues* increased primarily due to growth in nominal cross-border volumes, excluding transactions within Europe, of 62% during the three-month comparable period, as the business laps the initial impacts of COVID-19 starting in March 2020 and border restrictions were relaxed in various markets. The decrease for the nine-month comparable period is mainly due to a decline in nominal cross-border volumes, excluding transactions within Europe, of 7%. International transaction revenues were also impacted by fluctuations in the volatility of a broad range of currencies and business mix.
- *Other revenues* increased as the business laps the initial impacts of COVID-19 starting in March 2020, driven by higher consulting and data services revenues.
- *Client incentives* increased in correlation with the increase in payments volumes during the three and nine-month comparable periods. 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 execution of new contracts.

Operating Expenses

The following table sets forth components of our total operating expenses:

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2021	2020	\$ Change	% Change ⁽¹⁾	2021	2020	\$ Change	% Change ⁽¹⁾
(in millions, except percentages)								
Personnel	\$ 1,098	\$ 941	\$ 157	17 %	\$ 3,193	\$ 2,863	\$ 330	12 %
Marketing	268	174	94	54 %	679	683	(4)	(1)%
Network and processing	186	172	14	8 %	538	536	2	— %
Professional fees	108	95	13	13 %	273	304	(31)	(10)%
Depreciation and amortization	204	197	7	3 %	602	571	31	5 %
General and administrative ..	204	258	(54)	(21)%	770	840	(70)	(8)%
Litigation provision	(2)	1	(3)	(309)%	2	9	(7)	(73)%
Total operating expenses..	\$ 2,066	\$ 1,838	\$ 228	12 %	\$ 6,057	\$ 5,806	\$ 251	4 %

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

- *Personnel expenses* increased primarily due to increases in headcount and higher incentive compensation, reflecting our strategy to invest in future growth.
- *Marketing expenses* increased during the three months ended June 30, 2021 as we lapped reductions in spending in the prior year at the outset of COVID-19 as well as higher spending in client marketing and various campaigns, including the Olympic Games Tokyo 2020, which were postponed until summer 2021. During the nine months ended June 30, 2021, marketing expenses decreased primarily due to the planned delay in spending to the second half of fiscal 2021.
- *Network and processing expenses* increased mainly due to continued technology and processing network investments to support growth.
- *Professional fees*, which were primarily third party fees related to various corporate projects, increased during the three months ended June 30, 2021 mainly due to the planned delay of our spending to the second half of fiscal 2021. During the nine months ended June 30, 2021, professional fees decreased reflecting non-recurring expenses in the prior year, partially offset by planned delay of our spending to the second half of fiscal 2021.

- *Depreciation and amortization expenses* increased primarily due to additional depreciation and amortization from our on-going investments, including acquisitions.
- *General and administrative expenses* decreased in the three months ended June 30, 2021, primarily as a result of favorable foreign currency fluctuations and lower indirect taxes, partially offset by increased usage of travel related product benefits. In the nine months ended June 30, 2021, expenses decreased due to lower travel expenses, lower usage of travel related product benefits and favorable foreign currency fluctuations, partially offset by a one-time charge to record our estimate of probable additional indirect taxes, related to prior periods, for which we could be liable as a result of certain changes in applicable laws.

Non-operating Income (Expense)

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

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2021	2020	\$ Change	% Change ⁽¹⁾	2021	2020	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)							
Interest expense, net	\$ (131)	\$ (142)	\$ 11	(8)%	\$ (388)	\$ (371)	\$ (17)	4 %
Investment income and other	456	75	381	499 %	664	167	497	296 %
Total non-operating income (expense)	\$ 325	\$ (67)	\$ 392	(591)%	\$ 276	\$ (204)	\$ 480	(235)%

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

- *Interest expense, net* decreased during the three months ended June 30, 2021 primarily as a result of lower interest related to income tax liabilities. Interest expense, net increased during the nine-month comparable period primarily due to the issuance of debt in fiscal 2020, partially offset by lower interest due to discrete tax benefits.
- *Investment income and other* increased in the three and nine months ended June 30, 2021 primarily due to higher gains on our equity investments, partially offset by lower interest income on our cash and investments.

Effective Income Tax Rate

The following table sets forth our effective income tax rates:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Effective income tax rate	41 %	19 %	26 %	19 %

The effective income tax rates for the three and nine months ended June 30, 2021 differ from the effective tax rates for the same periods in the prior year primarily due to the following:

- during the three months ended June 30, 2021, a \$1.0 billion non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed below;
- during the three months ended June 30, 2021, a \$51 million tax benefit as a result of a tax position taken on certain expenses; and
- during the nine months ended June 30, 2021, \$147 million of tax benefits as a result of the conclusion of audits by taxing authorities.

On June 10, 2021, the UK enacted legislation that will increase the tax rate from 19% to 25%, effective April 1, 2023. As a result, we recorded a non-recurring, non-cash tax expense related to the remeasurement of our net UK deferred tax liabilities, primarily related to intangibles recorded upon the acquisition of Visa Europe in fiscal 2016.

Liquidity and Capital Resources

Cash Flow Data

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

	Nine Months Ended June 30,	
	2021	2020
(in millions)		
Total cash provided by (used in):		
Operating activities	\$ 11,256	\$ 8,344
Investing activities	1,546	2,308
Financing activities	(10,791)	(4,723)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	92	173
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 2,103</u>	<u>\$ 6,102</u>

Operating activities. Cash provided by operating activities for the nine months ended June 30, 2021 was higher than the prior-year comparable period primarily due to growth in our underlying business, lower client incentive payments and the timing and impact of COVID-19 on settlement in the prior-year period.

Investing activities. Cash provided by investing activities for the nine months ended June 30, 2021 decreased primarily due to higher purchases of investment securities, partially offset by higher sales and maturities of investment securities as compared to the prior-year period.

Financing activities. Cash used in financing activities for the nine months ended June 30, 2021 was higher than the prior-year comparable period primarily due to the \$3.0 billion principal debt payment upon maturity of our senior notes in December 2020 and the absence of proceeds received from the issuance of senior notes in the prior year, partially offset by lower share repurchases. See *Note 7—Debt* and *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements.

Sources of Liquidity

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

Uses of Liquidity

There has been no significant change to our primary uses of liquidity since September 30, 2020, except as discussed below.

Common stock repurchases. During the nine months ended June 30, 2021, we repurchased 27 million shares of our class A common stock for \$5.7 billion. As of June 30, 2021, our repurchase program had remaining authorized funds of \$7.8 billion. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements.

Dividends. During the nine months ended June 30, 2021, we declared and paid \$2.1 billion in dividends to holders of our common and preferred stock. On July 23, 2021, our board of directors declared a cash dividend in the amount of \$0.32 per share of class A common stock (determined in the case of class B and C common stock and series A, UK&I and Europe preferred stock on an as-converted basis), which will be paid on September 1, 2021, to all holders of record as of August 13, 2021. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements. We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. All preferred and class B and C common stock will share ratably on an as-converted basis in such future dividends.

Senior notes. During the nine months ended June 30, 2021, we repaid \$3.0 billion of principal upon maturity of our senior notes due December 14, 2020. See *Note 7—Debt* to our unaudited consolidated financial statements.

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

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

Accounting Pronouncements Not Yet Adopted

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

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

In March 2020, the FASB issued ASU 2020-04, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate or another reference rate expected to be discontinued because of reference rate reform. Subsequently, the FASB also issued an amendment to this standard. The amendments in the ASU are effective upon issuance through December 31, 2022. We are evaluating the effect ASU 2020-04 and its subsequent amendment will have on our consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes to our market risks since September 30, 2020.

ITEM 4. Controls and Procedures

Disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) of Visa Inc. at the end of the period covered by this report and, based on such evaluation, have concluded that the disclosure controls and procedures of Visa Inc. were effective at the reasonable assurance level as of such date.

Changes in internal control over financial reporting. There have been no changes in the internal control over financial reporting of Visa Inc. that occurred during the fiscal period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Refer to *Note 13—Legal Matters* to the unaudited consolidated financial statements included in this Form 10-Q for a description of the Company’s current material legal proceedings.

ITEM 1A. Risk Factors.

For a discussion of the Company’s risk factors, see the information under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended September 30, 2020, filed with the SEC on November 19, 2020.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES

The table below sets forth our purchases of common stock during the quarter ended June 30, 2021:

Period	Total Number of Shares Purchased	Average Purchase Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ^{(1),(2)}	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ^{(1),(2)}
(in millions, except per share data)				
April 1 - 30, 2021	3	\$ 224.40	3	\$ 9,314
May 1 - 31, 2021	4	\$ 227.12	4	\$ 8,380
June 1 - 30, 2021	3	\$ 232.03	3	\$ 7,732
Total	10	\$ 227.83	10	

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

⁽²⁾ Our board of directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. In January 2020 and 2021, our board of directors authorized a share repurchase program for \$9.5 billion and \$8.0 billion, respectively. These authorizations have no expiration date. All share repurchase programs authorized prior to January 2021 have been completed.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosures.

Not applicable.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Description of Documents	Schedule/ Form	Incorporated by Reference		
			File Number	Exhibit	Filing Date
31.1+	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer				
31.2+	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer				
32.1+	Section 1350 Certification of Principal Executive and Financial Officer				
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH+	Inline XBRL Taxonomy Extension Schema Document				
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

+ Filed or furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISA INC.

Date: July 29, 2021

By: /s/ Alfred F. Kelly, Jr.

Name: Alfred F. Kelly, Jr.

Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2021

By: /s/ Vasant M. Prabhu

Name: Vasant M. Prabhu

Title: Vice Chairman and Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2021

By: /s/ James H. Hoffmeister

Name: James H. Hoffmeister

Title: Global Corporate Controller and
Chief Accounting Officer
(Principal Accounting Officer)