Visa Europe Limited Annual Report 2020

Registered Number 05139966

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Strategic Report

The directors present their Strategic Report for Visa Europe Limited (Visa Europe, the Company, we, or our) for the year ended 30 September 2020.

In accordance with Section 401 of the Companies Act 2006, the Company has availed its exemption from the requirements to prepare consolidated financial statements as the financial results of the Company, and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc. (Visa or the Visa Group), the Company's overall parent company, for the years ended 30 September 2020 and 2019. Visa Inc.'s financial statements are prepared in accordance with accounting standards which are considered equivalent under the requirements of Section 401 of the Companies Act 2006. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website and also on Companies House website.

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

Our business model

How we create value

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

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

Since Visa's inception in 1958, Visa has been in the business of facilitating payments between consumers and businesses. With new ways to pay, Visa has evolved into a company that is a Trusted Engine of Commerce, providing payment solutions for everyone, everywhere. To accomplish this, we are focused on extending, enhancing and investing in Visa's proprietary network, VisaNet, while seeking new ways to offer products and services and become a single connection point for initiating any payment transaction, both on the Visa network and beyond.

- **We facilitate secure, reliable and convenient transactions between financial institutions, merchants and consumers.** We traditionally have referred to this as the 'four party' model. As the payments ecosystem continues to evolve, we have broadened this model to include digital banks, wallets and a range of financial technology companies (fintechs), governments and non-governmental organisations. We provide transaction-processing services (primarily authorisation, clearing and settlement) to our financial institution and merchant clients through VisaNet.
- **We offer a wide range of Visa-branded payment products** that our 15,400 financial institution clients use to develop and offer core business solutions, including credit, debit, prepaid and cash access programs for individual, business and government account holders.
- **We take an open, partnership approach** and seek to provide value by enabling access to our global network, including offering our technology capabilities through application programming interfaces (APIs). We partner with both traditional and emerging players to innovate and expand the payments ecosystem allowing them to leverage the resources of our platform to scale and grow their businesses more quickly and effectively. It also creates a more inclusive ecosystem with products that could reach the under and unbanked populations.
- **We are accelerating the migration to digital payments** and evolving Visa to be a "network of networks" to enable the movement of money on VisaNet and beyond. Visa's network of networks approach creates opportunities by facilitating person-to-person (P2P), business-to-consumer (B2C), business-to-business (B2B), business-to-small business (B2b) and government-to-consumer (G2C) payments.
- **We provide value-added services** to our clients, including issuer and consumer solutions, merchant and acquirer solutions, fraud management and security services, data solutions, and consulting through Visa Consulting & Analytics.
- **We invest in and promote our brand** to the benefit of our clients and partners through advertising, promotional and sponsorship initiatives with FIFA, the International Olympic Committee and the International Paralympic Committee, and the National Football League, among others. Visa Europe was the first sponsor of UEFA women's football. We also use these sponsorship assets to showcase our payment innovations.

How we earn revenues
Net revenues consist of service revenues, data processing revenues, international transaction revenues, and other revenues minus costs incurred under client incentive arrangements.

Visa Europe earns revenue by facilitating payments across the Europe Region among a global set of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies. Visa is not a financial institution. We do not issue cards, extend credit, or set rates and fees for account holders of Visa products. That is the role of our financial institution clients.

We do not earn revenues from, or bear credit risk with respect to, interest or fees paid by account holders on Visa products. Interchange reimbursement fees represent a transfer of value between the financial institutions participating in our payments network. Visa Europe is an important part of the financial market infrastructure and, as such administers the collection and remittance of interchange reimbursement fees through the settlement process, but we generally do not receive any revenue related to interchange reimbursement fees. In addition, we do not receive as revenue the fees that merchants are charged directly for acceptance by their acquirers.

ACCELERATING OUR BUSINESS: FISCAL YEAR 2020 KEY FOCUS AREAS

Fiscal year 2020 and COVID-19 have brought unprecedented challenges and widespread economic and social change. At the same time, the past fiscal year demonstrated the strength and resiliency of our strategy and the meaningful role we play at the centre of the payments ecosystem. It has also accelerated progress, including accelerating the shift to ecommerce and the demand for contactless payments, providing significant opportunities for Visa that are aligned with our strategy. As we look to be a single point of connection for money movement globally, there are three primary levers to that growth — consumer payments, new flows and value added services. We are also building and acquiring new capabilities that can add value to our clients and strengthen the foundation of our business: technology, security, brand and talent.

1. Consumer Payments

For decades, Visa's growth has been driven by the strength of our core business solutions - credit, debit and prepaid products - as well as our global ATM network. As the pace of change accelerates each year, helped by the advancement of technology and our focus on the user experience in payments, we see significant opportunity for continued growth. We are accelerating efforts to move consumer spending still carried out in cash and cheque to cards and digital credentials on the Visa network.

Core Business

Credit: Credit cards and digital credentials are issued by Visa's clients and allow consumers and businesses to access credit to pay for goods and services. Credit cards are affiliated with programs operated by financial institution clients, co-brand partners, fintechs and affinity partners. Visa does not extend credit to account holders; however, we provide card benefits, including technology, authorisation services, fraud tools and brand support that issuers use to enable their credit programs. We also work with our clients on product design, consumer segmentation and consumer experience design to help them deliver products and services that match their consumers' needs.

Debit: Debit cards and digital credentials are issued by financial institutions to allow consumers and small businesses to purchase goods and services using funds held in their bank accounts. Debit cards enable account holders to transact in person, online or via mobile without needing cash or cheques and without accessing a line of credit. Visa provides a strong brand, the network infrastructure (which includes processing, acceptance, product features and support, risk tools and services) and industry expertise to help issuers optimise their debit offerings.

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

Global ATM: The Visa/PLUS Global ATM network provides account holders with cash access, and other banking capabilities, in more than 200 countries and territories worldwide through issuing and acquiring partnerships with both financial institutions and independent ATM operators.

Engagement

Ecommerce

Ecommerce has evolved since the first online purchase was made on the Visa network 25 years ago.

In fiscal year 2020, due in part to the COVID-19 pandemic, there was a significant acceleration in the shift away from cash to digital forms of payment. Ecommerce represents only about 14% of global retail spending, so there is still substantial opportunity for ecommerce growth. We are helping to transform the digital checkout experience by adding more security and removing friction with the launch of Visa Click to Pay. Enabled by the EMV® Secure Remote Commerce Specifications, Click to Pay simplifies the checkout experience, eliminating the need for a consumer to enter payment details each time they are paying online. This means greater consistency and fewer steps at checkout, regardless of one's payment choice. Consumers can click to pay with Visa with confidence when they see the Click to Pay icon, a stylized depiction of a fast forward icon, where Visa is accepted.

During fiscal year 2020, Click to Pay went live with select merchants and payment processors and platforms were enabled in new geographies, including Poland, the United Kingdom, and several other countries.

Tap to Pay

As we seek to improve the user experience in the face-to-face environment, tap to pay, which is tapping a contactless card or mobile device on a terminal to make a payment, has emerged as the preferred way to check out amongst consumers in many markets around the world. Contactless penetration grew to 43% of all face-to-face transactions around the world in fiscal year 2020. In addition, Visa has worked with payments industry partners and governments to support raising contactless payments limits in markets around the world that require cardholder verification on tap to pay transactions. More than 50 markets across Europe, the Middle East, Africa and Canada have taken this step to help more individuals utilise this way to pay in fiscal year 2020.

Acceptance

A key component of how we expand our business focuses on growing access and increasing acceptance of our products around the world. Mobile connectivity, new acceptance devices untethered to landline infrastructure and new partnerships are enabling Visa payments in categories where card acceptance has typically been low, such as rent, parking and vending machines. We accomplish this in a few ways:

We continue to expand our acceptance footprint in both mature and emerging markets, so that businesses and devices are enabled to send and receive funds via the Visa network in categories such as vending, laundry, gaming, parking, electric vehicle charging, rent and tuition. In January 2020, Visa announced Tap to Phone technology to help sellers accept digital payments without any additional hardware. This technology allows micro-businesses to use smartphones to accept digital payments instead of a software terminal.

Credentials

Fintech/Open Partnership Model

As the payment ecosystem grows, so too does Visa's partnership model. Fintechs are key enablers of new payment experiences and new flows. Our work with fintechs helps to open new points of acceptance, create new digital banking experiences, move money across borders, embed Visa into B2B flows, speed up payroll and ensure digital wallet customers can access our services.

Fintechs prefer partnering with Visa because of the reach, capabilities, and security Visa offers. Today, Visa has partnered with fintechs across categories including digital wallets, neobanks, "Buy Now, Pay Later", B2B payments, cross-border remittance, payments infrastructure, and P2P payments.

To better serve fintechs, Visa has created a suite of streamlined commercial programs and digital onboarding tools. Our Fintech Fast Track program enables qualifying fintechs to quickly launch and scale their programs. The program has grown 360% year-over-year and has welcomed hundreds of fintechs who are actively engaged in the program. With our startup engagement programs, the Visa Everywhere Initiative and the Inclusive Fintech 50, early stage companies can build payment solutions based on our capabilities. All of our fintech resources are available online on Visa Partner, which provides a comprehensive set of services and resources so that partners can access APIs, apply for programs, complete an online licensing process and find relevant partners to help construct new flows.

2. New Flows

New flows represent a $185 trillion opportunity for the Visa Group. Visa's network of networks approach creates opportunities to enable digital payments for consumers, businesses and governments around the world by facilitating P2P, B2C, B2B, B2b and G2C payments. Today, partners are increasingly using Visa's network infrastructure and capabilities to enable Visa to unlock a growing market opportunity.

Visa Direct

Visa Direct is a global, real-time push payments platform, which reverses the traditional card payment flow by allowing payment originators, through their acquirer, to push funds directly to cards. In doing this, Visa Direct supports consumer and business money flows, for a variety of payment use cases, including corporate, government and worker payouts, P2P, real-time merchant settlement, and fast cross-border payment capabilities to more than 140 countries.

Visa Direct enables Visa to capture new flows with nearly 3.5 billion global transactions in 2020. This growth was fuelled by the expansion of existing use cases, the extension of existing use cases to new countries, the development of new use cases, and the creation and deepening of partnerships worldwide. P2P continued to be a strong contributor, with more than 100 P2P providers globally, led by a 75% year-over-year growth in global P2P transactions. Additionally, we expanded P2P globally in domestic and cross-border capacities with many partners this year.

Many businesses also utilise Visa Direct to have real-time access to working capital to buy inventory, make payroll and service other cash flow needs to keep their businesses running, such as real-time merchant settlement and loan disbursements. During fiscal year 2020, in the wake of COVID-19, we are seeing more governments adopt Visa Direct to distribute funds quickly, safely and broadly, often reaching the unbanked.

B2B

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

Businesses spend is an estimated $120 trillion each year. Our three strategic areas of focus include investing and growing card-based payments, accelerating our efforts in non-card, cross-border payments and digitizing domestic accounts payable/ accounts receivable processes.

We continue to invest across our small business, travel and entertainment, purchasing, fleet and virtual card solutions to further digitize how businesses pay other businesses.

Visa B2B Connect is a multilateral network that operates separately from VisaNet and facilitates B2B cross-border transactions directly from an originating bank to the recipient bank. This network gives financial institutions the ability to quickly and securely process high-value corporate cross-border payments globally and helps simplify and speed up the way businesses pay other businesses around the world. Visa B2B Connect's current reach includes 80 markets, and we expect that we will expand to 30 new markets over the next 18-24 months, aiming to reach scale by 2022. We are continuing to build out our capabilities and relationships to fuel future growth and to help our clients fulfil the international payments needs of their customers.

3. Value Added Services

As the payments category continues to evolve and expand in scope, size and complexity, our clients are increasingly looking for insights, and Visa is well positioned to support their needs. Value added services represent an opportunity for us to help our clients grow their businesses, often resulting in additional growth for our core business. In addition, they deepen our client relationships and deliver new sources of revenue. Today, we offer a suite of value added services, including issuer and consumer solutions, merchant and acquirer solutions, fraud management and security services, data products, and consulting and analytics.

Issuer and Consumer Solutions

Visa Debit Processing Solutions (DPS) provides a wide range of debit, prepaid and credit value added services to clients including call centre services, data analytics, campaign management, fraud and risk solutions, and a white-label branded mobile app. Our client base includes national banks, community banks and credit unions, as well as a rapidly increasing number of fintechs. DPS continues to extend and expand our capabilities in modern, API-based issuer processing solutions, which will be used in international markets.

We also provide a range of other services and digital solutions to issuers, such as account controls, digital issuance, branded consumer experiences and instalments. Instalment payments allow shoppers the flexibility to pay for a purchase in equal payments over a defined period of time. Visa is investing in instalments as a payments strategy — both by building our own solution, Visa Instalments — and by partnering with innovative instalments providers who leverage our assets to support a wider variety of instalment options. Visa Instalments enables issuing banks to offer Visa cardholders the option to divide their total purchase amount into smaller payments during or after checkout, at the store and online — with a Visa card they already have in their wallet. Through Cybersource, Visa's global payment management platform, we are working with acquirers and fintech instalment providers to enable this new way to pay for Cybersource's merchant customers.

Fraud Management and Security Services

Security and Identity

Trust is at the core of Visa. Through an evolving and multilayered approach, Visa strives to expect the unexpected, constantly monitoring our network and sharing intelligence with our partners. Our multi-prong security strategy is based on empowering consumers and clients through tools, resources and controls to make more informed risk decisions. To provide these tools, we invest in intelligence and technologies that improve fraud and authorisation performance.

We believe security is an integral driver for growth and innovation. For example, over the fiscal year 2020, we continued to see the benefits of chip technology, where each transaction is accompanied by a one-time code that protects consumer information, in preventing counterfeit fraud and reducing fraud occurring in person at physical stores. Contactless-enabled payment cards use the same trusted security of chip cards. Europay, Mastercard and Visa (EMV) EMV® 3-D Secure (3DS) is a new generation of the protocol — developed by EMV company's members along with other industry participants — and is designed to protect accounts from unauthorised use across desktop, laptop, mobile or other connected devices, making online purchases easier and more secure.

Visa is also committed to helping protect the broader payments ecosystem from growing cyber threats and fraud through continued investments in intelligence and technology. Visa operates a suite of programs to protect the safety and soundness of the payments ecosystem, investing in intelligence and technology to prevent, detect and mitigate security threats, and empowering our partners with the tools and data necessary to make better risk management decisions that are a core benefit of being part of the Visa network. Our security capabilities, programs and expertise help protect the integrity of the payments ecosystem by seeking to detect and disrupt fraud threats targeting financial institutions and merchants and removing bad actors from the ecosystem to provide the best possible consumer experience. This is achieved through the combined efforts of payment and cyber intelligence, insights and learnings from client/partner breach investigations, and law enforcement engagement to help financial institutions and merchants solve critical security challenges.

Visa Token Service

Visa Token Service is a security technology that helps combat fraud for both face-to-face and ecommerce digital transactions, including mobile and "Internet of Things (IoT)" payments. The technology replaces a consumer's card-related sensitive information, such as personal account number, with a unique, one-time use identifier, or *token*, which protects transactions in a number of ways, including when a card or shopper is not physically present. Launched in 2014, tokenization has been brought to scale over the last six years.

Visa rebranded the business unit to Token ID - A Visa Solution. Token ID will expand Visa's tokenization capabilities beyond card-based payments on the Visa network to include domestic card, automated clearing house (ACH) and real-time payment networks to facilitate secure payments across a broader range of global commerce types.

Data Solutions

Data lies at the heart of strategic decisions that governments, financial institutions, fintechs and merchants make to help meet their customers' needs, create new products and experiences, enhance security and bolster customer loyalty. Visa harnesses the power of our rich global datasets to deliver insights, benchmarks and predictive models that benefit our ecosystem.

With Visa's Benchmarking and Operations Solutions, clients can identify opportunities to increase spend and authorisation rates and reduce fraud, disputes, chargebacks and operational costs. Visa's suite of Marketing Solutions uses Visa data to help issuers and merchants plan, target, and measure marketing campaigns and communications. Through Visa's Underwriting Solutions, Visa is helping clients harness data to improve portfolio management strategies such as credit line increase programs, cross sale of lending products and working capital management for small businesses.

Visa Consulting and Analytics

Visa Consulting and Analytics is the payments consulting advisory arm of Visa. This group is a client-facing global team of more than 550 payments consultants, data scientists and economists in more than 100 cities. The combination of our deep payments expertise, our breadth of data and our economic intelligence allows us to identify actionable insights, recommendations and solutions that drive better business decisions and outcomes for clients. Visa Consulting & Analytics offers consulting services for issuers, acquirers, merchants, fintechs and others that span the entire customer journey.

4. Foundational

The foundation of our business is comprised of our technology, security, brand and talent.

Technology

Visa's technology platform is provided to Visa Europe by Visa Technology & Operations LLC (VTO) (a Visa Inc. subsidiary) and consists of software, hardware, data centres and a vast telecommunications infrastructure, each with a distinct architecture and operational footprint wrapped with several layers of security and protection technologies. Together, these systems deliver the secure, convenient and reliable service that our clients and consumers expect of the Visa brand.

Software

As part of our global technology environment, we build and securely operate hundreds of commercial applications using a diverse set of technologies. Our software powers the core functions of our transaction processing — including authorisation, clearing and settlement, and risk scoring — as well as our value added services. These applications together work to provide essential services to the payments ecosystem.

Hardware

We rely on a diverse array of sophisticated infrastructure systems that are tailored to our services. Visa's infrastructure is designed and configured with layers of redundancies. We have multiple instances of our software running on separate pieces of hardware, which is designed to provide continuous availability. Our disaster recovery capabilities are tiered so that our real-time transaction processing services can be continuously available.

Data Centres

Visa operates four data centres that are a critical part of our global processing environment and are built with the capacity to support Visa's growing power, cooling and space needs. All of our data centres have high redundancy of network connectivity, power and cooling designed to provide continuous availability of systems. We are continuing to reduce the carbon footprint of our data centres by deploying efficiency improvement strategies, including LED lighting, variable airflow automation controls and hot-and-cold air containment technologies. Our European Data Centre is located in the UK.

Telecommunications

We connect our clients and partners to Visa's data centres through a massive telecommunications network covering more than 10 million route miles. Each network node is connected through redundant links, designed to provide high levels of security, availability and performance for our products and services.

Security

In parallel with our role in advancing the security of the broader payments ecosystem, Visa remains committed to championing cybersecurity. This multifaceted security approach includes deploying security tools that help keep our clients and consumers safe, while providing solutions that make Visa the best way to pay and be paid.

VTO provides security to Visa Europe and continues to invest significantly in a comprehensive approach to cybersecurity at Visa. We deploy security technologies to protect against data confidentiality, integrity and availability risks, emphasizing core cybersecurity capabilities to minimize risk exposure. Our in-depth security approach applies multiple layers of protection to reduce the risk of any single control failing. These measures include:

- A formal program to devalue sensitive and/or personal data through various cryptographic means
- Embedded security in the software development lifecycle
- Identity and access management controls to protect against unauthorised access
- Development of advanced cyber detection and response capabilities

For example, Visa uses AI and deep learning technology to monitor our network and understand the threats aimed at our company. Our platform collects billions of security logs each day, providing insight across the network and within our infrastructure. We combine this data with external intelligence on attacks observed outside of our data centres and network. Using machine learning tools, we focus on the events that appear to pose a risk, enabling our cybersecurity team to intervene. We operate this platform globally, with teams in multiple time zones detecting and responding 24x7x365.

Brand

In recognition of its strength among clients and consumers, the Visa brand consistently ranks highly in multiple brand studies, including #1 on Forbes World's Best Regarded Companies (2019), #5 on BrandZ Top 100 Most Valuable Global Brands (2020), Forbes World's Most Valuable Brands and Interbrand's Best Global Brands, among others.

Visa's brand strength helps deliver added value to our clients, financial institutions, merchants and partners through compelling brand expressions, a wide-range of products and services and innovative marketing efforts.

In line with our commitment to an expansive and diverse range of partnerships for the benefit of all our stakeholders, Visa sponsors FIFA, the International Olympic Committee, the International Paralympic Committee and the National Football League. Visa is the only brand in the world that is a premier sponsor of all of these properties and also is the most active sponsor of women's football around the world. At the Olympic and Paralympic Games Tokyo 2020 (postponed from 2020 to 2021), the Visa brand is expected to be on full display when Visa features our products and technology to bring Japan's vision for the future of digital payments to life.

Talent

Central to our long-term strategy is attracting, developing and retaining the best talent globally with the right skills to drive our success. In fiscal year 2020, the COVID-19 pandemic had a significant impact on our human capital management. A large majority of our workforce worked remotely throughout the second half of 2020, and we instituted safety protocols and procedures for the essential employees who continued to work on site. Visa committed that no employee layoffs would occur in calendar year 2020 related directly to COVID-19.

Our culture is underpinned by our core values, including an unwavering commitment to inclusion and diversity. Visa is committed to pay equally, regardless of gender or race/ethnicity, and conducts regular equal pay audits.

INTELLECTUAL PROPERTY

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

COMPETITION

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

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

Global or Multi-Regional Networks: These networks typically offer a range of branded, general purpose card payment products that can be used at millions of merchant locations around the world. Competitors may be more concentrated in specific geographic regions or have a leading position in certain countries.

Local and Regional Networks: Operated in many countries, these networks often have the support of government influence or mandate. In some cases, they are owned by financial institutions. These networks typically focus on debit payment products, and may have strong local acceptance, and recognisable brands. In Europe, the European Payments Initiative has been mooted as a future regional network.

Alternate Payment Providers: These providers often have a primary focus of enabling payments through ecommerce and mobile channels, but are expanding or may expand their offerings to the physical point of sale. These companies may process payments using in-house account transfers between parties, electronic funds transfer networks like the ACH, global or local networks like Visa, or some combination of the foregoing. In some cases, these entities are both a partner and a competitor to Visa.

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

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

We believe our fundamental value proposition of acceptance, security, convenience, speed and reliability offers us a key competitive advantage. We succeed in part because we understand the needs of the individual markets in which we operate and partner with local financial institutions, merchants, fintechs, governments, non-governmental organisations and business organisations to provide tailored solutions. We believe Visa is well-positioned competitively due to our global brand, our broad set of Visa-branded payment products, and our proven track record of processing payment transactions securely and reliably through VisaNet.

SEASONALITY AND OTHER

We generally do not experience any pronounced seasonality in our business. No individual quarter of fiscal year 2020 or fiscal year 2019 accounted for more than 30 percent of our net revenues in those years.

In fiscal year 2020 and 2019, no Visa Europe client generated greater than 10% of its total net revenues.

GOVERNMENT REGULATION

As a global payments technology company, we are subject to complex and evolving global regulations in the various jurisdictions in which our products and services are used. Visa Europe itself is regulated by multiple bodies across the region. The most significant government regulations that impact our business are discussed below.

Anti-Corruption, Anti-Money Laundering, Anti-Terrorism and Sanctions: We are subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and other laws that generally prohibit the making or offering of improper payments to foreign government officials and political figures for the purpose of obtaining or retaining business or to gain an unfair business advantage. We are also subject to anti-money laundering and anti-terrorist financing laws and regulations. In addition, we are subject to economic and trade sanctions programs administered by the Office of Foreign Assets Control (OFAC) in the U.S. Therefore, we do not permit financial institutions or other entities that are domiciled in countries or territories subject to comprehensive OFAC trade sanctions (currently, Cuba, Iran, North Korea, Syria and Crimea), or that are included on OFAC's list of Specially Designated Nationals and Blocked Persons, to issue or acquire Visa cards or engage in transactions using our services.

Interchange Rates and Fees: An increasing number of jurisdictions around the world regulate or influence debit and credit interchange reimbursement rates in their regions. The EU IFR limits interchange rates in the European Economic Area (EEA).

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

Network Exclusivity and Routing: In Europe, the IFR prohibits restrictions that prevent multiple payment brands or functionality on the same card.

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

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

Supervisory Oversight of the Payments Industry: Visa is subject to financial sector oversight and regulation in substantially all of the jurisdictions in which we operate. Central banks in countries/regions, including Europe and the United Kingdom (as discussed below), have recognised or designated Visa as a retail payment system under various types of financial stability regulations.

United Kingdom and European Regulations and Supervisory Oversight: Visa Europe is designated as a Recognised Payment System in the United Kingdom, bringing it within the scope of the Bank of England's supervisory powers and subject to various requirements, including on issues such as governance and risk management designed to maintain the stability of the United Kingdom's financial system. Furthermore, Visa Europe is regulated by the United Kingdom's Payment Systems Regulator (PSR), which has wide-ranging powers and authority to review our business practices, systems, rules and fees with respect to promoting competition and innovation in the United Kingdom, and ensuring payments meet account holder needs. The PSR is also the regulator responsible for monitoring Visa Europe's compliance with the IFR in the United Kingdom. Visa Europe itself is not reliant on licences or authorisations to continue to conduct business in the UK and EU after Brexit, and is not currently subject to regulations which require an EU entity presence. Over time there may be divergence in national laws and regulations in the UK and EU. In this regard, Visa Europe continues to monitor for any changes in supervision that may arise as a result. Visa Europe continues to be subject to complex and evolving regulation in the EEA. There are regulations in the European Union that impact our business, as discussed below, including regulations governing privacy and data protection, anti-bribery, anti-money laundering, anti-terrorism and sanctions. Other regulations in Europe and the UK, such as the second Payment Services Directive (PSD2), require, among other things, that our financial institution clients provide certain customer account access rights to emerging non-financial institution players.. PSD2 also includes strong customer authentication requirements for certain transactions that could impose both operational complexity on Visa and negatively impact consumer payment experiences.

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

Risk management

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

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

The Risk function is responsible for managing and maintaining oversight of a risk management framework, the corporate risk register (and associated software tools), and risk governance reporting. The Enterprise Risk Management Framework (ERMF) describes an integrated approach to risk management activities, facilitating the embedding of a disciplined risk management ethos and awareness across the Company. The framework also describes the risk taxonomy, governance structure and approach to risk identification, assessment, treatment, and monitoring and reporting. This framework is updated regularly and is subject to periodic audits. Constructive dialogue is maintained with the relevant regulators, including the provision of risk-related material under supervisory obligations. Visa's ERMF is informed by, and generally consistent with, leading risk management practices in the industry including the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management, and the Integrated Framework and Principles for Financial Market Infrastructures (PFMI). The Framework also incorporates guidance from regulatory bodies such as the Bank of England and the Federal Financial Institutions Examinations Council.

Risk governance

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

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

The key risk governance forums are:

- **Board Risk Committee** - chaired by an independent non-executive director. Responsible for oversight and providing advice to the Visa Europe Board on a) responsibilities relating to risk management, b) internal controls and compliance, c) finance, and d) legal and regulatory matters.

- **Europe Risk Committee** - chaired by the Europe Chief Risk Officer, includes a sub-set of the Executive Leadership Team, including the CEO. Provides executive level oversight of the functioning of Visa's risk management framework in Europe, including material risks, the associated controls and risk mitigations, and the effectiveness of those controls and mitigations.

Principal Risks and Uncertainties

Visa Europe, through the application of its ERMF, has a programme in place to continuously identify, assess, measure and report risks and uncertainties that may threaten the successful achievement of business objectives, implementing mitigating actions to reduce risks and uncertainties to acceptable levels. The key risks and uncertainties currently faced by the business include:

COVID-19

The global outbreak of COVID-19, continues to evolve at the time of writing this report. At Visa, the health and safety of our employees remains a primary concern, in parallel with our operational resilience. To support our employees in the remote work environment, Visa has increased flexibility in schedules, encouraged individuals to collaborate with managers to balance professional and personal obligations and launched "Wellbeing Hours" to encourage schedule flexibility at the end of the work week. Throughout the COVID-19 pandemic, Visa's services have demonstrated their resilience and Visa has maintained our customary high levels of availability to clients on behalf of consumers during this time. We remain confident in our ability to operate without interruption for the benefit of consumers and the whole payments ecosystem. Our infrastructure can route to multiple data centres around the world, while instant fail-over capabilities contribute to best-in-class operational resilience – VisaNet operates to 99.9995% resilience. Our cyber security capabilities are located around the world and use global data assets. Visa's Pandemic Plan is based on World Health Organisation (WHO) terms and definitions. We have also taken added precautions to address the potential escalation of COVID-19, including updates to our crisis response and technological capabilities. As part of this effort, we have run controlled exercises with critical segments of our global teams to validate and strengthen our resilience plans. These tests ensured we can maintain business continuity under different scenarios, including operating with a decentralised workforce. The exercises were successful and reassuring, with learnings incorporated into our operational plans. Our balance sheet is strong and can withstand significant interruption to our revenues without jeopardizing either our capital or liquidity positions. Operational Resilience is core within our business model and representative scenarios, such as a pandemic, have been reviewed in our resilience response plans. Our response to the impact of COVID-19 is managed through comprehensive crisis management planning and ongoing crisis simulation exercises, to prioritise employee safety and continuity of our core services.

We applaud the steps that have been taken across payments ecosystems including raising the contactless limits in many countries in Europe and we remain ready to support our clients and the individuals, businesses and economies.

Risks	Our response
A. STRATEGIC AND GROWTH RISKS	
Competitive pressure and innovation	
The intensity of competition has increased in recent years from both new entrants and across the ecosystem value chain and existing payment providers.	Visa Europe has a comprehensive multi-year planning process with the global Visa strategic framework. Market-by-market strategies are in place and regularly revised to target specific business lines. Visa Europe is engaged in a number of strategic partnerships with non-traditional market participants. Visa continues to offer valuable, relevant payment solutions to its clients, and supports individual market strategies in providing a defined onboarding pathway for new and emerging business models, together with key milestones for sustainable growth. Visa is also actively engaging in new and emerging business models and investing in capabilities including cybersecurity that will continue to be relevant. The unified global processing platform aims to increase the speed-to-market, resilience and availability of innovative solutions to our European clients. The enhanced value-proposition delivered by the platform enables greater utilisation of value-added services such as Visa Direct, real-time risk management and tokenisation. The fintech program unveiled in Europe, called Fintech Fast-Track, provides an accelerated and simplified onboarding process for start-up and early growth-stage companies to become Visa issuers. (Refer to page 4, Fintech/Open Partnership Model.)

Brexit

The Brexit transition period (or implementation) came to an end on the 31st December 2020. The EU and UK are now operating under the terms of a new Trade and Cooperation Agreement (the Agreement), which will provisionally apply until a formal ratification process is complete (expected March 2021).

In the immediate term, the Agreement provides clarity on the new EU-UK trade arrangements, but there remains a risk of economic, political and social uncertainty across Europe as the new regime becomes normalised. It may also lead to legal uncertainty and potentially divergent national laws and regulations in the UK and EU over time.

We, as well as our clients who have significant operations in the UK, may incur additional costs and expenses as we adapt to potentially divergent regulatory frameworks from the rest of the EU and as a result, our Visa Group operating rules and contractual commitments in the UK and the rest of the EU may be impacted. In addition, some of our clients may need to obtain regulatory authorisation in the UK, and/or in individual EU member states, following Brexit. These factors may impact our ability to operate in the EU and UK in a completely seamless manner. This and other Brexit-related issues may require changes to our legal entity structure and/or operations in the UK and the EU. Any of these effects of Brexit, among others, could harm our business and financial results.

Brexit could impact Visa Europe's European volumes and net revenues through economic slowdown in the UK impacting payments volume, obstacles to the movement of people and goods between the UK and the rest of the EU leading to a decrease in intra-regional transaction volumes, both face-to-face and eCommerce, and depreciation of the GBP against the Dollar and the Euro driving increased inbound and depressed outbound traffic to/from the UK. However we expect to see a positive impact on expenses due to a regulatory change in UK VAT rules whereby we will be able to recover VAT on EU transactions as well as for non-EU transactions.

Uncertainty over Brexit has led to elevated volatility for Sterling currency pairs, which could continue and impacts Visa Europe's financial results. Any un-hedged net balance sheet exposures may affect the revaluation impact on the income statement.

As a global business, the Visa Group already operates across multiple geographic jurisdictions and consequently is well positioned to address the potential Brexit outcomes and continue to operate irrespective of the UK's future relationship with the EU.

Visa Europe itself is not reliant on licences or authorisations to continue to conduct business in the UK or EU after Brexit, and is not currently subject to regulations which require an EU entity presence.

Visa Europe has undertaken a Brexit risk assessment of its business and has been actively monitoring and managing any risks that might arise in the event of a disruption following the end of the transitional period. This includes addressing data governance, talent management, risk controls, infrastructure and supplies. We have established a central program to oversee management of all Brexit related activities.

We note that institutions authorised by UK competent authorities may no longer be allowed to provide payment services in the EEA; similarly, institutions authorised by competent authorities in the EEA may not be allowed to provide payment services in the UK. Visa Europe has worked with key stakeholders in the wider payment ecosystem, including our clients, to encourage Brexit readiness.

Visa Europe is committed to ensuring that its clients can continue to use its services seamlessly post-Brexit. The Company applies the same high standards of data protection across the EEA, the UK and the rest of the world. Under the General Data Protection Regulation EU 2016/679, organisations are only permitted to transfer personal data outside the EU subject to conditions and safeguards appropriate to the transfer ensuring that the level of protection is not undermined. Under the terms of the Agreement, personal data can flow freely from the EU (and EEA) to the UK, until adequacy decisions have been adopted, for no more than six months. To ensure clients are able to continue to transfer personal data from the EEA to the UK at the end of the six month period, in the case that adequacy decisions are not achieved, we have incorporated the terms of the European Commission's Standard Contractual Clauses (SCC), as part of the Visa Rules. The SCC update applies to all of Visa Europe's issuer and acquirer clients through Visa Rules.

Visa Europe recognises the elevated volatility of Sterling currency pairs due to the uncertainty created by the Brexit process. Throughout the year, unhedged exposures were maintained at low levels and, whilst the implied volatility remained elevated for Sterling currency pairs – although this has declined in early January 2021 to almost pre-pandemic levels - close scrutiny will continue and hedging activity, where appropriate, will be used to mitigate the impact of market volatility.

The financial markets have been more focused on the impacts of the pandemic for much of 2020, although, as the year end Brexit deadline came into sharper view, Brexit-related concerns re-emerged driving a short lived spike in currency volatility in the second half of December. Since the announcement of the Agreement, currency volatility receded and is now at a more normal level, as are forward prices and the implied future volatility out over the next 6 months. The markets remain liquid and accessible to Visa Europe through our banking panel and, despite occasional spikes in spread widening, have remained so throughout 2020 and into 2021. We have been able to conduct normal hedging and liquidity repositioning actions in January 2021, and the cashflow and balance sheet hedging programs will keep risk at or below the levels expected.

B. OPERATIONAL RISKS

Operational resilience

Operating as an enabler of the '4 party payments model' and providing transaction processing services to a wide range of clients across the UK and Europe (and globally) means that Visa Europe is often a key player in maintaining financial stability as consumers rely on a seamless payment experience. As a result, it is important that Visa Europe maintains a high level of service availability, supported by robust operational resilience, due to the fact that consumers and the payments infrastructure at large, is heavily reliant on our services.

Operational resilience at Visa Europe is supported by a range of activities; skilled and experienced operational functions; effective cyber security practices; demonstration of rigorous operational risk management and having a good understanding of the Company's risk profile and control framework, including internal and external threats.

Visa Europe maintains Business Continuity, Crisis Management, Disaster Recovery and Third Party Risk functions, which complemented with skilled and experienced executive and management leadership, support operational resilience.

Our systems are built to a high level of resilience (i.e. 99.999%) and we maintain multiple data centres to enhance our operational resilience. Visa regularly exercises availability, by switching authorisations from our primary to our alternative data centres during business hours.

Third party risk

To deliver our products and services and pursue our strategic objectives, we rely on a wide range of partners and suppliers. If for any reason they were unable to fulfil their commitments, this could significantly impact our performance and result in financial or reputational implications.

We have a supplier due diligence programme to deliver a thorough risk-based approach for onboarding new suppliers, monitoring for all high/medium risk suppliers, and annual on-site assessments for high risk suppliers.

Through fiscal year 2020, Visa Europe engaged its critical service providers (7) and other key suppliers to validate their preparedness and identify any risks to disruption due to the COVID-19 pandemic and Brexit.

Integrity of the payment ecosystem

The majority of the European infrastructure is managed by parties outside of our direct control whose operational practices may impact the integrity of the payments ecosystem. In order to protect the ecosystem, we need to maintain the integrity of the Visa Network irrespective of where the transaction is processed, the data is stored or transmitted.

As the payments ecosystem diversifies away from traditional products and physical touch-points, fraud prevention and detection techniques need to evolve. We have dedicated ecosystem risk and compliance functions to seek to ensure that clients, partners and third parties (such as technology vendors, payment processors and card manufacturers) adhere to our operational, business and security requirements. At the same time, we continue to evolve these rules, with a view to continuously enhancing system integrity.

In addition, we have capabilities in place to help support the integrity of the ecosystem. These allow our clients to continue to provide a service for merchants and cardholders in the event of service disruption for Visa or issuers. The level of service in these situations is dependent on the participation and risk appetite of the clients.

C. TECHNOLOGY RISKS

Information and cyber security

Protection from internal or external attacks that may affect the confidentiality, integrity or availability of Visa Europe's data or systems is paramount. Cyber attackers continue to evolve and improve their tactics, techniques and procedures. Increasingly organised and collaborative, their methods grow more sophisticated.

We have focused many of our investments, partnerships, and expertise to enhance the security of our network, and to enable consumers and businesses to pay and be paid with confidence. Clients will benefit from a unified security architecture built on multiple redundant layers of cyber defence designed to protect against data security breaches and service disruptions. We have multiple layers of advanced security tools to protect our technology footprint at the enterprise, network, operating system, and application levels. To strengthen our security and cyber defences we continue to deploy new tools and measures to help safeguard our network and the wider ecosystem from hackers and cyber-attacks.

Europe's Cyber Fusion Centre, part of a global network of security command and control centres, is designed to help prevent, detect, respond to and recover from cyber-attacks.

D. FINANCIAL RISKS

Settlement, credit and liquidity risk

Visa Europe is exposed to various financial risks including settlement risk (i.e. the risk that a client is unable to meet its obligations to the Company as and when they fall due), credit risk (i.e. risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's receivable customers, banks and derivative counterparties) and liquidity risk (i.e. risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost).

Visa Europe monitors the credit risk related to each member that participates in the Visa system. We regularly assess the member's financial health and their ability to respond to a settlement risk. Visa collects collateral to mitigate the credit risk where a member's credit rating is assessed as weak.

Visa Europe currently measures and monitors its level of loss absorbing capital relative to the credit risk exposure generated by the participant with the largest gross settlement exposure. We aim to hold sufficient net liquid assets funded by equity to absorb the potential losses arising from the disorderly failure of its single largest participant.

Investment of Visa Europe's cash assets is restricted to financial counterparties with a minimum credit rating of A- and limits are documented for both individual counterparties and by investment instrument type to reduce concentration risk.

In addition to Visa Europe's own liquid investments, back-up liquidity facilities arranged by Visa Inc. are in place with a syndicate consisting of high credit quality financial institutions and are available to Visa Europe.

Pensions

Visa Europe has a funding obligation to its defined benefit pension scheme, the Visa Europe Pension Plan (VPP). The defined benefit plan exposes the Company to risks, the most significant of which are:

-Asset volatility - The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets under-perform this yield, this will create a deficit. The VPP holds a significant proportion of growth assets (such as equities and diversified growth funds) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term.

-Inflation risk - A significant portion of the VPP's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). Some of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could also increase the deficit.

-Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the VPP's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the VPP's holdings.

-Life expectancy - Most of the VPP's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

The VPP scheme has been closed to new entrants since 2003. The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy, which aims to reduce the volatility of the funding level of the VPP. By investing in assets such as liability driven investments, which perform in line with the liabilities of the VPP, the VPP is protected to some extent against unanticipated changes in interest rates and inflation. The investment strategy will reduce the risk of market movements resulting in higher cash contributions from the Company; however, as the accounting liabilities are mainly driven by bond yields, there is an asset/ liability mismatch risk that the Company will remain exposed to.

The investment performance and liability experience are regularly reviewed by both the Company and the Trustees of the VPP, with the most recent revaluation in September 2020.

The Company's financial strength and cash generation provide a level of protection against the impact of changes in the funding position of the VPP. The funding liabilities also include a buffer against future negative experience, as legislation requires that we calculate liabilities on a prudent basis.

E. LEGAL AND REGULATORY RISKS

Data privacy

Laws and regulations regarding the handling of personal data and information may impede our services or result in increased costs, legal claims, or fines against us. Regulatory guidance on the General Data Protection Regulation (GDPR) continues to evolve and regulatory scrutiny is increasing. Our ongoing efforts to comply with GDPR in light of evolving guidance may increase the complexity of our compliance operations, entail substantial expenses, divert resources from other initiatives and projects, and could limit the services we are able to offer. Furthermore, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. Future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory fines and significant legal liability.

Visa's global privacy program employs a GDPR-based approach to global privacy compliance and is designed to ensure that data practices remain consistent with Visa's established data use principles. Visa demonstrates accountability for GDPR through its robust governance framework. The global privacy office works with two cross functional governance bodies to evaluate new data use cases and to define a strategic vision for Visa's data related businesses. The global privacy program is operationalised by a privacy controls framework and privacy impact assessment process which provide a comprehensive structure for managing privacy and data protection risks. Visa continues to enhance the program to protect and enhance data by promoting accountability, transparency and innovation.

Market and regulatory environment

The introduction of far reaching regulatory changes coupled with the industry continuously evolving to meet the needs of customers presents new challenges.

By a recognition order dated 19 March 2015, HM Treasury categorised Visa Europe as a recognised "payment system" for the purposes of Part 5 of the Banking Act 2009. As a result, the Bank of England has assumed oversight of Visa Europe pursuant to its statutory responsibility for the oversight of designated payment systems and, more broadly, for monetary and financial stability of the UK. In addition to the Bank of England, Visa Europe's activities are also subject to oversight by the UK Payment Systems Regulator (PSR); and oversight by the European Central Bank (ECB) and Eurosystem of National Central Banks against the Oversight Framework for Card Payment Schemes - Standards (2008).

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

Litigation by retailers

UK and Ireland Retailer Litigation
Between 2013 and 2020 a number of retailers brought court proceedings against or entered into 'standstill' agreements with Visa UK and Visa Europe in relation to an alleged breach of competition law. (Retailer Litigation)

Throughout the claim period(s) Visa sought to set interchange in a lawful manner and concluded agreements with a number of regulators in particular the European Commission to resolve concerns that had been raised.

Judgment in Visa's favour against a claim brought by Sainsbury's was handed down on 30 November 2017. The court concluded that Visa's UK interchange did not restrict competition under UK and EU competition law. A further judgment on the separate question of what a lawful level of interchange would have been in the event that a restriction of competition had been found was handed down on 23 February 2018. Subsequently, in July 2018, the Court of Appeal overturned these rulings and decided to remit the cases to the Competition Appeal Tribunal (CAT). In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment.

The appeal was heard on 20-23 January 2020 and judgment was handed down on 17 June 2020. The judgment rejected Visa's appeals in relation to whether its UK interchange fee was a restriction of competition, as well as two questions relating to the burden of proof required to show that interchange was lawful. The Supreme Court directed that (i) the remittal to the CAT on exemption issues should proceed, and (ii) once the exemptible level has been determined, there should (if necessary) be a further hearing to determine the quantum of any damages owed by Visa to Sainsbury's. Visa's potential liability is capped as a result of a concession made by the claimant as to the lawful level of interchange fees, which is not subject to appeal.

Since the Supreme Court made that order, Visa and Sainsbury's have agreed on the exemptible levels for the purpose of those proceedings only, which means that the CAT will not determine the lawful level of interchange in the Sainsbury's case. The Sainsbury's proceedings are therefore moving straight to a quantum trial which, it was determined at a case management conference on 16 December 2020, is likely to begin in June 2022.

The Company may be exposed to possible obligations with other individual merchants related to interchange fees that are separate to the Sainsbury's case. Both those cases that were stayed pending the outcome of the Supreme Court, as well as new cases that are being brought, are now moving ahead. The lawful level of interchange is one of the central issues in these new cases, as well as the issue of any pass-through of damages.

Belgian interchange cases
In 2019, a group of mostly Eastern European retailers brought interchange related claims against Visa and Mastercard in Belgium, followed by a second group in 2020. The first hearing will take place as from Sept 2021.

Polish interchange cases
In addition, between 2019 and 2020, four Polish retailers in Poland have also brought interchange related claims. No hearing dates have been set yet.

UK and German ATM cases
In 2019, Visa and Mastercard were sued in the UK High Court in relation to certain rules affecting ATM operators' ability to charge access fees for domestic cash withdrawals to cardholders and related alleged damages, claiming competition law breaches in the Czech Republic, Greece and Poland. In 2020 and 2021, six German banks sued Visa in various courts in Germany over the same rule, and 275 savings banks approached Visa to conduct 'conciliation proceedings', claiming damages.

UK and Ireland Retailer Litigation
Since the Supreme Court has ruled in Visa's favour in relation to the pass-on defence, Visa expects that it could be difficult for Sainsbury's to demonstrate that they have not passed on a large proportion of their alleged damages to their customers. In addition, any specific benefits that Sainsbury's, or any other claimant, derived from interchange would need to be deducted from their claim.

In the cases other than Sainsbury's, the CAT will apply the test for the lawful level of interchange, as well as for pass-through, as set out by the Supreme Court. In these cases, Visa will have an opportunity to put forward new evidence to demonstrate the benefits of interchange to the Court, meaning there is no read-across from the Sainsbury's case to these other cases.

Belgian interchange cases
Visa believes that for the majority of claimants, there is an insufficient nexus to Belgium and that therefore, the court does not have jurisdiction; that the claims are out of time; that interchange is not a restriction of competition; that the level was always set at a lawful level; and that it can avail itself of the pass-through defence.

Polish interchange cases
Visa believes that the Polish Supreme Court ruling from 2017 (which confirms that Visa did not participate in the setting of interchange) will support in challenging the claims against Visa; Visa also finds grounds to pursue that interchange is not a restriction of competition by object; that the level was always set at a lawful level; and that it can avail itself of the pass-through defence.

UK and German ATM cases
Visa does not believe that its ATM rules breach competition laws, that they represent a fair balancing of interests in the ecosystem, and that they benefit consumers.

F. BUSINESS RISKS

Global risk

Global economic, political, market, and social events or conditions may harm our business. Our revenues are dependent on the volume and number of payment transactions made by consumers, governments, and businesses whose spending patterns may be affected by prevailing economic conditions. In addition, cross-border transaction revenues represent a significant part of our revenue and are an important part of our growth strategy. Therefore, adverse macroeconomic conditions, including recessions, inflation, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, or slowdown of global trade could decrease consumer and corporate confidence and reduce consumer, government, and corporate spending which have a direct impact on our revenues. In addition, outbreaks of illnesses, pandemics, or other local or global health issues, political uncertainties, international hostilities, armed conflict, or unrest, and natural disasters could impact our operations, our clients, our activities in a particular location, and cross-border travel and spend. Geopolitical trends towards nationalism, protectionism, and restrictive visa requirements, as well as continued activity and uncertainty around economic sanctions could limit the expansion of our business in those regions. In addition, any decline in cross-border travel and spend could impact the number of cross-border transactions we process and our currency exchange activities, which in turn would reduce our international transaction revenues.

Visa Europe is focused on the identification, monitoring and response to various geopolitical and macro-economic developments and events that may detrimentally impact our business.

Visa Europe is focused on further growing its diverse revenue sources. This comprises of capturing new flows of payments beyond C2B such as B2B, B2C and G2C segments. Visa Europe is also focused on broadening its revenue streams by expanding the capabilities of its existing network by offering several enhanced capabilities and services, including fraud prevention and security, processing, loyalty, merchant and digital solutions, consulting and data solutions.

Visa Europe actively engages with Government, Regulators, our clients and various industry bodies in influencing regulatory change as well as monitor and respond to relevant geopolitical developments that may impact our business. As part of a global organisation, Visa Europe seeks to bring the benefits of the global infrastructure, brand and protection to its clients.

In 2019, Visa Group joined the Carbon Disclosure Project Supply Chain Program to collect accurate and regular climate change and carbon information from our key suppliers. Visa has also completed a global climate risk assessment in alignment with the Task Force on Climate-related Financial Disclosures (TCFD), the results of which inform key functions, including risk, strategy and government engagement. Details are outlined in the Visa Group Corporate Responsibility & Sustainability Report. https://usa.visa.com/dam/VCOM/download/corporate-responsibility/visa-2019-corporate-responsibility-report.pdf

Our business and operating performance

There were nearly 568 million Visa-branded cards in circulation in Europe at the end of fiscal year 2020 (2019: 562 million). This represents a 1.00% increase (2019: 1.24% increase) on the previous year and a solid performance in a relatively mature market and taking into account the impact of COVID-19.

These cards - in a face-to-face context, stored on file at online merchants, or through a mobile device - were used over 51 billion times during the year. This amounts to over 140 million transactions for every day of the year. This usage, as well as the average number of transactions per cards, which has remained consistent with the prior year, is partly driven by the continued expansion of contactless across the region. Contactless is also behind the long-term contraction in the average transaction value, as customers elect to use their card for ever smaller and more frequent purchases.

Gross cardholder expenditure decreased 3.3% compared to fiscal year 2019. The decrease was driven by the impact of COVID-19 starting in the latter part of March 2020 and a resulting year-over-year decrease in cross-border spend, offset by the expansion of electronic commerce (ecommerce) and contactless payments.

International cross-border outbound (issued) and inbound (acquired) volume growth contracted, with growth rates dropping sharply with the onset of COVID-19 lockdowns across Europe in March 2020. The pandemic caused both Card Present (face to face) and travel related Card Not Present CNP (ecommerce) volumes to suffer a contraction in the second half of the year; however non-travel CNP volumes continued to grow during the pandemic for both inbound and outbound.

Volumes within the Visa Europe region (Intra-regional volumes), which excludes domestic volumes within a Visa Europe country, recorded a contraction of (4)% for the year with strong performance in ecommerce offsetting the weaker growth in travel.

Total cleared and settled transactions grew 5% on average, for the year. The weak performance in international transactions after the start of the pandemic and domestic transactions during periods of lockdown were somewhat mitigated as consumers and retailers opted for electronic forms of payment and facilitated by the increase of contactless limits across much of Europe.

The following measures are indicative of the past performance of the Visa Europe Group (which includes Visa Europe and its subsidiaries) for years 2016, 2017, and through 31 March 2018. As of 31 March 2018, due to the reorganisation of the Visa Europe Group, the Company's stand-alone performance is representative of the Visa Europe Group.

Year ending June	2016	2017	2018	2019	2020
Number of cards (000)	540,191	538,101	555,126	561,872	567,517
Number of transactions (000)	30,908,296	34,359,092	38,633,563	51,242,075	51,231,564
Gross cardholder expenditure volume (€000)	1,901,583,615	2,039,465,640	2,195,630,474	2,339,634,121	2,263,397,316
Average spend per card (€)	3,520	3,790	3,955	4,164	4,008
Average transaction value (€)	61.5	59.4	56.8	45.7	44.2
Average number of transactions per card	57.2	63.9	69.6	91.7	90.7

Note: Data is calculated using constant exchange rates to minimise the effect of exchange rate movements.
Transaction counts in this table includes transactions on Visa cards not processed by Visa.

Company financial performance

Operating revenues: €3,055 million (2019: €3,328 million). Our business is affected by overall economic conditions and consumer expenditure. Fiscal year 2020 and COVID-19 have brought unprecedented challenges and widespread economic and social change. Our business performance during 2020 reflects continued global consumer spending amidst uneven global economic conditions. Operating revenues consist of service revenues, data processing revenues, international transaction revenues and other revenues reduced by costs incurred under client incentive arrangements. Payments volume and number of processed transactions are the primary drivers of revenues. Operating revenue decreased 8% from the prior year primarily due to the year-over-year decrease in cross border volume and processed transactions, which were impacted by COVID-19 starting in the latter part of March 2020, offset by growth in Ecommerce and contactless expenditure and payments and the impact of pricing modifications and newly introduced fees related to internet security. Gross revenues of €4,075 million (2019: €4,104 million) were reduced by client incentives of €1020 million (2019: €777 million). Client incentives increased mainly due to incentives recognised on long-term client contracts that were initiated or renewed during fiscal 2020 partially offset by the recent decline in payments volume. The amount of client incentives we record in future periods will vary based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Operating expenses: €1,451 million (2019: €1,243 million). The increase in operating expenses over the prior year was primarily driven by higher personnel and client marketing spend as we continue to invest in growing our business, as well as an increase in charges from Visa Inc. (resulting from our contractual arrangement with Visa Inc. as governed by the Framework Agreement, which includes license fees, management fees and royalties, as well as fees related to information technology and network infrastructure, which were higher in the current year due to an increase in technology development costs) and foreign exchange losses. These were offset by reduced core marketing expenses and professional fees reflecting our overall cost reduction strategy. Retailers provision and expense decreased primarily due to lower accruals for litigation in fiscal 2020. In fiscal year 2020, the Company agreed to settlements of €29 million (2019: €152 million) in total with other individual merchants related to multilateral interchange fees unrelated to the Retailer Litigation case that is subject to the Competition Appeal Tribunal (CAT) hearing. In addition, a provision of €6 million was recorded in fiscal year 2020 (2019: €nil) *related to the Retailer Litigation. See Note 21—Provisions and Note 28—Legal matters for further details of the Retailer* Litigation.

Profit before tax: €1,638 million (2019: €2,021 million). The performance represents a decline of 19%.

Total assets: €7,435 million (2019 *Restated: €8,698 million). The decrease in total assets of €(1,263) million has primarily been driven by the decrease in trade and other receivables of €(2,214) million, offset by the increase in cash of €823 million and the increase in right of use assets of €94 million. The increase in cash is net of a €(736) million cash dividend paid to the Company's immediate parent during the year. The decrease in trade and other receivables, which includes settlement receivables, was driven by timing as the number of unsettled days at year-end decreased from four in 2019 to two in 2020. Visa Europe retains financial resources to mitigate risks that arise through provision of core activities. The level of these mitigants is set through the Visa Europe Board approved risk appetite. Liquidity forecasts indicate sufficient coverage to meet future funding needs. (*Refer to Note 16, Trade and other receivables.)

Cash balances: €5,171 million (2019: €4,348 million). The increase in cash of €823 million has been driven by cash provided by operating activities in 2020 of €1,642 million, primarily due to profit before tax of €1,638 million, offset by €(42) million of investing activities due to the purchase of tangible assets, €(765) million of financing activities primarily due to a €(736) million dividends payment and the impact of currency movements of €(15) million. We regularly evaluate cash requirements for current operations, commitments, development activities and capital expenditures. Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we believe that cash flow generated from operations, in conjunction with access to our other sources of liquidity, will be sufficient to meet our ongoing operational and projected liquidity needs for more than the next 12 months. We will continue to assess our liquidity position in view of our operating performance, current economic and capital market conditions and other relevant circumstances.

Significant financial matters

The following financially significant events occurred in 2020:

- During the year, the Company paid a €736 million cash dividend to its immediate parent, Visa International Holdings Limited.
- The Company agreed to settlements of €29 million in total with other individual merchants related to multilateral interchange fees unrelated to the Retailer Litigation case that is subject to the Competition Appeal Tribunal (CAT) hearing. In addition, a provision of €6 million was recorded related to the Retailer Litigation. Refer to Notes to the financial statements, Note 28, Legal matters, for further details.
- The Company has implemented new accounting standard IFRS 16 - *Leases* from 1 October 2019. Refer to Notes to the financial statements, Note 2, Significant accounting policies, for further details.
- The Bank of England, in its capacity as the designating authority under the terms of the Financial Markets and Insolvency Regulations 1999 (as amended), granted the Company designation under the UK Settlement Finality Regulation with effect from 23 September 2020. This designation provides the Company legal protection from netting of client settlement positions being unwound in an insolvency event and therefore settlement receivable and settlement payable positions with clients are presented in the Statement of Financial Position on a net basis from the date of the designation. Refer to Notes to the financial statements, Note 16, Trade and other receivables, and Note 18, Trade and other payables.
- The existence of COVID-19 was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. COVID-19 continues to evolve at the time of writing this report. The Company's balance sheet is strong and the Company can withstand significant interruption to its revenues without jeopardizing either its capital or liquidity positions.

On behalf of the Visa Europe Board

DocuSigned by:
Charlotte Hogg
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Charlotte Hogg
Chief Executive Officer

26 March 2021

Corporate Governance Report

Introduction

Visa Europe's mission is to connect the world through the most innovative, reliable and secure payments network - enabling individuals, businesses and economies to thrive and in doing so, we apply high standards and best practice to its corporate governance arrangements, and complying with the regulatory governance requirements of our regulators. Following the implementation of the Companies (Miscellaneous Reporting) Regulations 2018 (the **Regulations**), and as a result of meeting certain thresholds, the Visa Europe Board has chosen to comply with the Regulations through applying the Wates Principles as our framework for governance reporting. This is the first year that Visa Europe is reporting on the application of the Wates Principles.

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

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

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

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

Our purpose is to connect the world around the most innovative, reliable and secure payment network enabling individuals, businesses and economies to thrive. We have a clearly articulated strategy framed around the collective vision to be the best way to pay and be paid for everyone, everywhere (as further discussed in the Strategic Report). The Board and Executive team actively develop and promote the success of the company, acting with integrity and with a clear understanding of the views of all of our stakeholders. The Board engages regularly on strategic issues and planning, assessing the opportunities and risks facing the company. The strategy is clearly communicated and further embedded through regular interaction with colleagues, including through leadership briefings, all-colleague meetings and regular training, which inform expected behaviours and practices throughout the business. In addition, Visa's Leadership Principles (which can be found *https://usa.visa.com/about-visa/diversity-inclusion/life-at-visa/leadership-principles.html*) guide the way we act and the way we lead and principles provide a framework for how Visa colleagues are evaluated and rewarded. They are also used to identify individual opportunities for growth and development, and focus not only on what people accomplish but how they go about doing it.

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

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

The Visa Europe Board is made up of 4 independent non-executive directors (**INEDs**), 2 non-executive directors (**NEDs**) (appointed by Visa Inc., as overall parent and shareholder representatives) and 2 executive directors (Europe Chief Executive Officer and Europe Chief Finance Officer. The Board consists of a broad range of diverse skills and experience drawn from regulated businesses and other sectors such as retail, business services and technology as well as Visa's own business. Board member biographies can be found on the company's website: https://www.visa.co.uk/about-visa/visa-in-europe.html

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

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

The Board is governed by the documented matters reserved for the Board. These, along with Committee terms of reference are reviewed annually to ensure their continued relevance and effectiveness

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

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

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

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

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

Internal governance documents and policies including the articles of association of the company, matters reserved for the board, terms of reference of the board committees, conflicts of interest policy, code of conduct and ethics, are all in place. These set out the responsibilities of those who are members of the Board and respective committees. The governance documents provide directors the framework from which they make effective decisions and provide independent challenge, delivering long term value and success. These documents and policies are reviewed annually by the Board and the various committees. In addition to undertaking a detailed programme of induction training on appointment, the Board also takes part in periodic training sessions during the year on various topics, including refresher training where appropriate.

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

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

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

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

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

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

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

Regulators: Throughout 2020, the Board continued to oversee the business of the Company in light of Visa Europe being a financial markets infrastructure and continued our active engagement with our primary regulator, the Bank of England, as well as other regulators including the Payment Systems Regulator and European Central Bank.

Shareholder: A number of channels are used to receive feedback from the Shareholder, including two (shareholder representative) NEDs that sit on the Board and periodic 1:1 meetings between the Visa Europe Board Chair and the Visa Inc. Chief Executive Officer, and other Visa Inc. executives promoting transparent and effective engagement.

Employees: We conduct frequent polls and pulse surveys to keep abreast of our employee engagement and wellbeing and seek to offer an attractive benefits package which supports our focus on inclusion and diversity.

Visa Europe also conducts regular equal pay audits to ensure women and men doing similar roles are paid fairly, and we comply with gender pay gap reporting in the UK where the results show continued progress in the diversification of our workforce. Gender diversity remains a key metric of focus.

Visa Europe committed to and achieved gender diversity targets for the entire organisation as well as senior female leadership as part of the Women in Finance Charter in 2019 and 2020 and are now resetting additional stretch targets for the next period to 2023. In addition, we remain committed to diversity and inclusion more broadly within our employee population, for example across sexual orientation, ethnicity, caring responsibilities and mental health.

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

Key Third Party Suppliers: We foster effective relationships with our service providers through a supplier relationship management framework with critical suppliers including Visa Technology & Operations LLC (VTO), a subsidiary of Visa Inc. As part of this governance framework, the Visa Board engages with VTO through annual meetings and the Visa Europe Chief Executive officer holds twice yearly meetings with VTO.

Other Stakeholders: Visa recognises the importance of corporate responsibility, sustainability and ethical leadership and we have summarised our efforts below. Further details are available in our Corporate Responsibility and Sustainability Report here:

https://usa.visa.com/dam/VCOM/download/corporate-responsibility/visa-2019-corporate-responsibility-report.pdf

- **Empowering People & Economies:** Visa believes inclusive economies are beneficial to everyone, everywhere. The company continues to empower economic growth by supporting small and micro businesses; expanding financial access; building financial capability; and strengthening our local communities.

- **Securing Commerce & Protecting Customers:** Visa are committed to implementing a multi-layered information security approach that enables reliable, trustworthy and frictionless digital payment experiences.

- **Protecting the Planet:** Visa continues to minimise the impact from our operations while expanding efforts to inspire and empower sustainable living in commerce and consumption, including reaching our goal to transition to the purchasing of 100% renewable electricity by 2020 across our offices and data centres.

- **Operating Responsibly:** Visa continues to operate as a responsible and ethical company by upholding the highest standards for integrity, compliance and corporate governance. We have built a new Supplier Code of Conduct through activities such as developing ethical and agile onboarding procedures and revising our Code of Business Conduct and Ethics to improve transparency and clarity. Links to these codes can be found here:

  > https://usa.visa.com/dam/VCOM/global/common-assets/documents/visa-supplier-code-of-conduct.pdf

  > Code-of-Conduct-Update-Apri-19.pdf (q4cdn.com)

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

> 20190320-uk-modern-slavery-act-statement-signed.pdf (visa.co.uk)

In accordance with the Regulations, this Corporate Governance report will be published and available to view on the Visa Europe Limited website at visaeurope.com.

Directors' Report

The directors present their annual report and audited financial statements for Visa Europe Limited (Visa Europe or the Company) for the year ended 30 September 2020.

In accordance with Section 401 of the Companies Act 2006, the Company has availed its exemption from the requirements to prepare consolidated financial statements as the financial result of the Company, and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc., the Company's overall parent company, for the years ended 30 September 2020 and 2019. Visa Inc.'s financial statements are prepared in accordance with accounting standards which are considered equivalent under the requirements of Section 401 of the Companies Act 2006. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website and also on Companies House website.

Principal activities

Visa Europe is a payments technology company that enables fast, secure and reliable electronic payments across the Europe Region.

We manage a range of payment products under the Visa brand name, which we license to our clients. Using the tools that Visa provides, these clients compete vigorously with one another to provide payment services to consumers and retailers.

Business objectives and activities

Developments in Visa Europe's business during the year, and an indication of likely future developments, are outlined in the Strategic Report on pages 2 to 20, which form part of this Directors' Report.

Results and dividend

The income statement for the year is set out on page 30 and shows a profit after tax for the year and attributable to the ordinary shareholders of €1,324 million (2019: €1,647 million). The decrease in operating profit is a result of COVID-19, which has resulted in a decrease in cross border activities, offset by growth in Ecommerce and contactless expenditure and payments and cost reduction initiatives across the business. The balance sheet is on page 32 and shows a net asset balance of €4,102 million (2019: €3,477 million).

During the year, the Company paid a €736 million interim cash dividend to its immediate parent, Visa International Holdings Limited (2019: €998 million), in line with the Visa Europe Capital Management and Dividend Policy.

Directors

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

Employees

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

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

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

Overseas branches

Visa Europe has an overseas branch in France, which is consolidated into the reported figures.

Financial risk management

The details of the Company's financial instruments, policies and strategies are set out in notes 2 and 24 to the financial statements and the preceding Strategic Report.

Political donations

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

In 2020, due to the COVID-19 pandemic, Visa Europe did not sponsor the Great British High Street Awards, run by the Ministry of Housing, Communities & Local Government as we did in 2019, and Visa Europe did not make any commitments to attend a number of events at the Labour and Conservative party conferences as in 2019.

In 2019, Visa Europe sponsored the Great British High Street Awards and made commitments to a number of events at the Labour and Conservative party conferences, but because of political uncertainty there was only limited engagement at these events. In 2019, Visa Europe paid £7,500 (excluding VAT) for Financial Inclusion Commission receptions at each of the conferences. Visa Europe also paid £8,000 (excluding VAT) to sponsor a fringe event at the Labour conference, and £10,000 (excluding VAT) to sponsor a fringe event at the Conservative conference. Cancelled private dinners at the Labour conference incurred a cost of £288, and £653 at the Conservative conference.

Going concern

The directors have adopted the going concern basis in preparing these financial statements having given due consideration to the liabilities of the Company and the consistent earnings growth over the years. The period covered by the directors assessment of going concern is twelve months from the date of approval of the financial statements. The directors considered the impact of COVID-19 in their assessment including the severe but reasonably possible downside scenarios, such as ongoing or further periods of travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders and business limitations and shutdowns in the next twelve months, or client insolvencies. The directors also considered the impact of Retailer Litigation in their assessment. (Refer to Note 28, Legal matters, for further details of Retailer Litigation.) The directors have established that the Company's balance sheet is strong, and the Company can withstand significant interruption to its revenues without jeopardising either its capital or liquidity positions.

Although losses will be borne in the first instance by Visa Europe, Visa Inc., the Company's overall parent company, has agreed to recapitalise Visa Europe if financial resources fall below levels that are within its risk appetite as a result of any litigation settlement. Visa Europe maintains a Financial Recovery Plan that details the steps that would be taken in the event of any significant shortfall in financial resources.

Post balance sheet events

On 16 December 2020, it was determined at a case management conference that the proceedings in relation to the Retailer Litigation, which is moving straight to a quantum trial, is likely to begin in June 2022. See Note 28, Legal matters, for further details of the Retailer Litigation.

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

On 26 October 2020, Visa Europe (Latvia) S.I.A. was formed, which is 100% held by the Company.

The Brexit Transition Agreement concluded on 31 December 2020, and Visa Europe worked to ensure a seamless transition for clients, merchants and consumers for Visa transactions between the UK and the EEA. In March 2021, Visa Europe confirmed that it will be treating transactions between the UK and the EEA as "Intra-Europe non-EEA Transactions" and that interchange rates and Visa fee schedules will be adjusted accordingly beginning in October 2021.

On 24 March 2021, the Company paid a cash dividend in the amount of €1.5 billion to its immediate parent, Visa International Holdings Limited, in line with the Visa Europe Capital Management and Dividend Policy.

Disclosure of information to auditor

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

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Visa Europe Board members

The following directors held office during and after the year ended 30 September 2020:

Members	Appointed/ Resigned	Board	Risk Committee	Audit Committee	Nominations Committee	Remuneration Committee
Alison Deborah Hewitt (Independent Non-Executive Director)	Re-appointed 12 May 2020	x (chair from 2 Jul 2018)	x	x	x (chair from 21 Jun 2019)	x (chair from 21 Jun 2019)
Charlotte Mary Hogg (Chief Executive Officer)	Appointed 2 Oct 2017	x				
Robert Philip Livingston (Chief Financial Officer)	Appointed 5 Aug 2019	x				
Ellen Richey (Non-Executive Director)	Resigned 3 Dec 2019	x	x		x	
William Morgan Sheedy (Non-Executive Director)	Re-appointed 2 Jul 2018	x		x	x	x
Philippe Tromp (Independent Non-Executive Director)	Appointed 14 Mar 2019	x	x (chair from 21 Jun 2019)	x	x	x
Hamayou Akbar Hussain (Independent Non-Executive Director)	Appointed 21 Jun 2019	x	x	x (chair from 21 Jun 2019)	x	
Peter James Plumb (Independent Non-Executive Director)	Appointed 3 Dec 2019	x	x	x	x	x
Christopher James Clark (Non-Executive Director)	Appointed 3 Dec 2019	x	x		x	x
Kelly Mahon Tullier (Alternate Non-Executive Director)	Appointed 19 Aug 2020					

On behalf of the Visa Europe Board

DocuSigned by:

Charlotte Hogg

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Charlotte Hogg
Chief Executive Officer

26 March 2021

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

Opinion

We have audited the financial statements of Visa Europe Limited ("the company") for the year ended 30 September 2020 which comprise the income statement, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 2 .

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 27, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

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

26 March 2021

Income Statement

For the year ended 30 September 2020

	Note	**2020** **€'000**	2019 €'000
Revenue	4	**3,054,754**	3,327,871
Administrative expenses			
Employee benefits	8	**(322,535)**	(299,068)
Retailers provision and expense	5, 21	**(34,743)**	(152,395)
Depreciation and amortisation	5	**(43,931)**	(33,970)
Other administrative expense	5	**(1,049,698)**	(757,118)
		(1,450,907)	(1,242,551)
Other expenses			
Re-measurement income/(expense)	7	**52,786**	(72,169)
Other provision expense		—	4,476
		52,786	(67,693)
Other operating income		**1,112**	2,808
Operating profit		**1,657,745**	2,020,435
Net finance (expense)/income		**(19,959)**	1,016
Profit before tax		**1,637,786**	2,021,451
Income tax expense	10	**(313,556)**	(374,382)
Profit for the year attributable to equity holders of the parent		**1,324,230**	1,647,069

The notes on pages 36 to 82 form part of these financial statements.

Statement of Other Comprehensive Income

For the year ended 30 September 2020

	Note	2020 €'000	2019 €'000
Profit for the year attributable to equity holders of the parent		**1,324,230**	1,647,069
Other comprehensive income:			
Items that will not be reclassified to income statement			
Remeasurement losses on defined benefit pension schemes	10	**(11,274)**	(17,099)
Income tax relating to items that will not be reclassified	10	**6,131**	3,681
		(5,143)	(13,418)
Items that may be reclassified subsequently to income statement			
Cash flow hedges:			
Net gains/(losses) arising on hedging derivatives	10	**34,693**	(6,649)
Effective hedge (gains)/losses transferred from other comprehensive income to income statement	10	**(13,757)**	1,853
Income tax relating to items that may be reclassified	10	**(4,111)**	1,109
		16,825	(3,687)
Other comprehensive income for the year, net of tax		**11,682**	(17,105)
Total comprehensive income for the year		**1,335,912**	1,629,964

The notes on pages 36 to 82 form part of these financial statements.

Statement of Financial Position

As at 30 September 2020

	Note	2020 €'000	*Restated 2019 €'000
Non-current assets			
Property, plant and equipment	11	**122,330**	120,799
Goodwill and intangibles	12	**55,004**	55,679
Right of use assets	26	**94,386**	—
Deferred tax assets	15	**9,878**	3,435
Investment in subsidiaries	13	**49**	45
		281,647	179,958
Current assets			
Trade and other receivables	16	**1,955,743**	4,169,319
Cash and cash equivalents	17	**5,170,822**	4,348,038
Financial assets	14	**26,300**	763
		7,152,865	8,518,120
Current liabilities			
Trade and other payables	18	**3,048,567**	4,868,479
Current tax liabilities		**22,619**	205,322
Financial liabilities	19	**14,572**	21,991
		3,085,758	5,095,792
Net current assets		**4,067,107**	3,422,328
Non-current liabilities			
Retirement benefit obligation	20	**35,067**	37,688
Provisions	21	**78,557**	68,553
Other liabilities		**133,063**	18,885
		246,687	125,126
Net assets		**4,102,067**	3,477,160
Equity			
Share capital	22	**32**	32
Share premium	22	**60,903**	60,903
Contribution reserve	22	**176,483**	147,859
Cash flow hedging reserve	22	**15,776**	(1,049)
Retained earnings	22	**3,848,873**	3,269,415
Equity attributable to equity holders of the parent		**4,102,067**	3,477,160

*See Note 16, Trade and other receivables, and Note 18, Trade and other payables, for details.

The notes on pages 36 to 82 form part of these financial statements.

The financial statements were approved by the Visa Europe Board and authorised for signing on 26 March 2021. They were signed on its behalf by:

DocuSigned by:

Robert Livingston

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Robert Livingston
Chief Financial Officer, Visa Europe
Company number: 5139966

26 March 2021

Statement of Changes in Equity

For the year ended 30 September 2020

	Attributable to equity holders of the Company					
	Share capital €'000	Share premium €'000	Contribution reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 30 September 2019	**32**	**60,903**	**147,859**	**(1,049)**	**3,269,415**	**3,477,160**
Total comprehensive income for the year						
Profit after tax	—	—	—	—	**1,324,230**	**1,324,230**
Other comprehensive income:						
Items that will not be reclassified to income statement						
Remeasurement losses on defined benefit pension schemes	—	—	—	—	(11,274)	**(11,274)**
Income taxes relating to items that will not be reclassified	—	—	—	—	6,131	**6,131**
	—	—	—	—	**(5,143)**	**(5,143)**
Items that may be reclassified subsequently to income statement						
Cash flow hedges:						
Net gains arising on hedging derivatives	—	—	—	34,693	—	**34,693**
Net gains transferred from other comprehensive income to income statement	—	—	—	(13,757)	—	**(13,757)**
Income tax relating to items that may be reclassified	—	—	—	(4,111)	—	**(4,111)**
	—	—	—	**16,825**	—	**16,825**
Other comprehensive income for the year, net of tax	—	—	—	**16,825**	**(5,143)**	**11,682**
Total comprehensive income for the year	—	—	—	**16,825**	**1,319,087**	**1,335,912**
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners:						
Dividend paid to parent	—	—	—	—	(735,957)	**(735,957)**
Equity settled share-based payment transactions	—	—	27,900	—	—	**27,900**
Income tax relating to transactions with owners, recorded directly in equity	—	—	724	—	—	**724**
Transfer of reserves as a result of transactions with subsidiary	—	—	—	—	(3,672)	**(3,672)**
Total contributions by and distributions to owners	—	—	**28,624**	—	**(739,629)**	**(711,005)**
Balance as at 30 September 2020	**32**	**60,903**	**176,483**	**15,776**	**3,848,873**	**4,102,067**

The notes on pages 36 to 82 form part of these financial statements.

Statement of Changes in Equity *continued*

For the year ended 30 September 2019

	Attributable to equity holders of the Company					
	Share capital €'000	Share premium €'000	Contribution reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 30 September 2018	32	60,903	124,545	2,638	2,360,844	2,548,962
Adjustment on initial application of IFRS 15, net of tax	—	—	—	—	273,037	273,037
Restated balance as at 1 October 2018	32	60,903	124,545	2,638	2,633,881	2,821,999
Total comprehensive income for the year						
Profit after tax	—	—	—	—	1,647,069	1,647,069
Other comprehensive income:						
Items that will not be reclassified to income statement						
Remeasurement losses on defined benefit pension schemes	—	—	—	—	(17,099)	(17,099)
Income taxes relating to items that will not be reclassified	—	—	—	—	3,681	3,681
	—	—	—	—	(13,418)	(13,418)
Items that may be reclassified subsequently to income statement						
Cash flow hedges:						
Net losses arising on hedging derivatives	—	—	—	(6,649)	—	(6,649)
Net losses transferred from other comprehensive income to income statement	—	—	—	1,853	—	1,853
Income tax relating to items that may be reclassified	—	—	—	1,109	—	1,109
	—	—	—	(3,687)	—	(3,687)
Other comprehensive income for the year, net of tax	—	—	—	(3,687)	(13,418)	(17,105)
Total comprehensive income for the year	—	—	—	(3,687)	1,633,651	1,629,964
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners:						
Dividend paid to parent	—	—	—	—	(998,117)	(998,117)
Equity settled share-based payment transactions	—	—	22,507	—	—	22,507
Income tax relating to transactions with owners, recorded directly in equity	—	—	807	—	—	807
Total contributions by and distributions to owners	—	—	23,314	—	(998,117)	(974,803)
Balance as at 30 September 2019	32	60,903	147,859	(1,049)	3,269,415	3,477,160

The notes on pages 36 to 82 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 September 2020

	Note	2020 €'000	*Restated 2019 €'000
Profit before tax		**1,637,786**	2,021,451
Adjustments for:			
Depreciation of property, plant and equipment	11	**31,369**	33,543
Amortisation of intangibles	12	**675**	427
Depreciation of right-of-use assets	5	**11,887**	—
Share-based payment expense	8	**27,900**	22,507
Finance income		**—**	(1,168)
Finance costs		**19,959**	152
Foreign exchange net loss/(gain)	5	**106,560**	(35,013)
Current and past service cost on retirement benefit scheme	20	**4,852**	4,847
Loss on disposal of property, plant and equipment	11	**4,595**	3,515
Changes in other assets and liabilities		**9,115**	(2,604)
Operating cash flows before movements in working capital		**1,854,698**	2,047,657
Decrease/(Increase) in receivables		**2,163,516**	(2,253,273)
(Decrease)/Increase in payables		**(1,888,812)**	2,191,680
Cash generated by operations		**2,129,402**	1,986,064
Contributions to retirement benefit scheme	20	**(19,832)**	(9,042)
Income taxes paid		**(467,917)**	(307,258)
Net cash from operating activities		**1,641,653**	1,669,764
Investing activities			
Interest received		**—**	1,168
Purchase of property, plant and equipment		**(41,766)**	(28,847)
Net cash used in investing activities		**(41,766)**	(27,679)
Financing activities			
Dividend paid to parent	22	**(735,957)**	(998,117)
Interest paid		**(19,959)**	(152)
Payment of lease liabilities - principal	26	**(6,550)**	—
Payment of lease liabilities - interest	26	**(2,751)**	—
Net cash used in financing activities		**(765,217)**	(998,269)
Net increase in cash and cash equivalents		**834,670**	643,816
Cash and cash equivalents at the beginning of the year		**4,348,038**	3,613,368
Foreign exchange (loss)/gain thereon		**(15,343)**	90,854
Cash and cash equivalents at the end of the year, net of overdraft	17	**5,167,365**	4,348,038

*See Note 16, Trade and other receivables, and Note 18, Trade and other payables, for details.

The notes on pages 36 to 82 form part of these financial statements.

Notes to the financial statements

As at 30 September 2020

1. General information

Visa Europe Limited (Visa Europe or the Company) is an entity incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 82.

Visa Europe is a payments technology company that enables fast, secure and reliable electronic payments across the Europe Region, which encompasses 38 countries including the UK, the 27 countries of the EU, Turkey, Israel and the Baltic states. The Company continues to manage a range of payment products under the Visa brand name, which we license to our clients. Using the tools that Visa provides, these clients compete vigorously with one another to provide payment services to consumers and retailers.

2. Significant accounting policies

IFRS

Statement of compliance

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

Basis of preparation

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

This is the first set of the Company's annual financial statements in which IFRS 16 - *Leases* (IFRS 16) has been applied. (Refer to below - Adoption of revised standards.)

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

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

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

In accordance with Section 401 of the Companies Act 2006, the Company has availed its exemption from the requirements to prepare consolidated financial statements as the Company, and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc., the Company's overall parent company, for the years ended 30 September 2020 and 2019. Visa Inc.'s financial statements are prepared in accordance with accounting standards which are considered equivalent under the requirements of Section 401 of the Companies Act 2006. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website.

Going concern

The directors have adopted the going concern basis in preparing these financial statements having given due consideration to the liabilities of the Company and the consistent earnings growth over the years. The period covered by the directors assessment of going concern is twelve months from the date of approval of the financial statements. The directors considered the impact of COVID-19 in their assessment including the severe but reasonably possible downside scenarios, such as ongoing or further periods of travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders and business limitations and shutdowns in the next twelve months, or client insolvencies. The directors also considered the impact of Retailer Litigation in their assessment. (Refer to Note 28, Legal matters, for further details of Retailer Litigation.) The directors have established that the Company's balance sheet is strong and the Company can withstand significant interruption to its revenues without jeopardizing either its capital or liquidity positions.

Although losses will be borne in the first instance by Visa Europe, Visa Inc., the Company's overall parent company, has agreed to recapitalise Visa Europe if financial resources fall below levels that are within its risk appetite as a result of any litigation settlement. Visa Europe maintains a Financial Recovery Plan that details the steps that would be taken in the event of any significant shortfall in financial resources.

Adoption of new or revised standards

The Company has initially applied IFRS 16 from 1 October 2019. A number of other new standards are also effective from 1 October 2019 but they do not have a material effect on the Company's financial statements.

Due to the transition method chosen by the Company in applying IFRS 16, comparative information throughout these financial statements has not been restated.

IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e., lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including International Accounting Standard 17 - *Leases* (IAS 17), IFRIC 4 - *Determining whether an Arrangement contains a Lease*, SIC-15 - *Operating Leases-Incentives,* and SIC 27 - *Evaluating the Substance of Transactions involving the Legal Form of a Lease.*

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 October 2019. Accordingly, the comparative information presented for fiscal year 2019 is not restated — i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - *Determining whether an Arrangement contains a Lease.* The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained below under Significant accounting policies - Leasing.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

B. As a lessee

As a lessee, the Company leases property. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases — i.e. these leases are on-balance sheet.

The Company recognised new assets and liabilities for its operating leases of office facilities. The nature of expenses related to those leases has changed because the Company recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration In the contract to each lease component on the basis of its relative stand-alone price. Lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. The Company does not combine lease payments with non-lease components for any of its leases.

Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as at 1 October 2019, depending on lease term.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Company did not have finance leases in the current or prior year.

C. As a lessor

The Company sub-leases a portion of one of its leased properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. The Company assessed the classification of the sub-lease contracts with reference to the right-of-use asset, and concluded that they are operating leases under IFRS 16. IFRS 16 had no impact on leases in which the Company is a lessor.

D. Impact on financial statements

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

	1 October 2019
	€'000
Right-of-use assets	87,812
Lease liabilities	91,239

For the impact of IFRS 16 on profit or loss for the period, see Note 26, Leases.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using a rate based upon the Visa Group's incremental borrowing rate at 1 October 2019. As a majority of the Company's leases do not provide an implicit rate, the Company used the incremental borrowing rate based on the information available at 1 October 2019 in determining the present value of lease payments. The weighted average discount rate applied was 2.68%.

	1 October 2019
	€'000
Operating lease commitments at 30 September 2019 as disclosed under IAS 17 in the Company's 2019 financial statements	121,263
Discounted using the incremental borrowing rate at 1 October 2019	(12,420)
Extension options reasonably certain to be exercised	2,036
Lease commitment for an impaired lease included in Trade and other payables	(10,960)
Adjustment for change to lease terms and foreign exchange differences	(8,680)
Lease liabilities recognised at 1 October 2019	91,239

For the details of accounting policies under IFRS 16 and IAS 17, refer to below under Significant accounting policies - Leasing.

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

IFRIC 23 - Uncertainty over Tax Treatments
Amendments to IFRS 9 - Prepayment Features with Negative Compensation
Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement
Annual Improvements to IFRSs 2015-2017 (IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements; IAS 12 - Income Taxes; and IAS 23 - Borrowing Costs)

The following revisions to accounting standards and pronouncements which are applicable to the Company were issued as at 30 September 2020, but are effective for accounting periods beginning on or after 1 October 2020. The use of these standards that have yet to be endorsed by the European Union is not permitted. Where the standards listed below have been endorsed by the European Union and early adoption is permitted, the Company has elected not to apply them in the preparation of these financial statements.

Pronouncement	Nature of change	Latest effective date for the Company
Amendments to References to Conceptual Framework in IFRSs	The main revisions include revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure.	1 October 2020
Amendments to IAS 39, IFRS 9 and IFRS 7: Interest Rate Benchmark Reform	The amendment addresses uncertainties related to the market wide reform of interbank offered rates (IBOR reform). The amendments provide targeted relief for financial instruments qualifying for hedge accounting under IAS 39 or IFRS 9.	1 October 2020
Amendments to IAS 1 and IAS 8: Definition of Material	To help preparers of financial statements, the International Accounting Standards Board (IASB) has refined its definition of 'material', issued practical guidance on applying the concept of materiality and issued proposals focused on the application of materiality to disclosure of accounting policies.	1 October 2020
Amendments to IFRS 3: Definition of a Business	The IASB has issued amendments to IFRS 3, Business Combinations, that seeks to clarify the definition of a business when determining whether a transaction results in an asset or a business acquisition.	1 October 2020
Amendment to IFRS 16: COVID-19 Related Rent Concessions	In response to the COVID-19 coronavirus pandemic, the IASB has issued amendments to IFRS 16, Leases, to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.	1 October 2020
Amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform-Phase 2	To ensure that financial statements best reflect the economic effects of IBOR reform, the IASB has issued amendments that focus on the accounting once a new benchmark rate is in place.	1 October 2021
Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract	The amendments clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.	1 October 2022
Annual Improvements to IFRS Standards 2018-2020	IFRS 1 - First-time Adoption of International Financial Reporting Standards IFRS 9 - Financial Instruments IFRS 16 - Leases IAS 41 - Agriculture	1 October 2022

2. Significant accounting policies *continued*

Pronouncement	Nature of change	Latest effective date for the Company
Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use	To address diversity in practice, the IASB has amended IAS 16, Property, Plant and Equipment, to provide guidance on the accounting for sale proceeds before PPE is available for its intended use and the related production costs.	1 October 2022
Amendments to IFRS 3: Reference to the Conceptual Framework	The amendments (1) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (2) adds to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (3) adds to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	1 October 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	To promote consistency in application and clarify the requirements on determining if a liability is current or non-current, the IASB has amended IAS 1.	1 October 2023
IFRS 17: Insurance Contracts and Amendments to IFRS 17	The IASB aims for greater comparability and transparency for investors and analysts. With these amendments, the IASB is responding to the concerns and implementation challenges raised by insurers and other stakeholders, having monitored and supported IFRS 17 implementation since its publication in 2017.	1 October 2023
Amendments to IFRS 10 and IAS 28 - *Sale or Contribution* of Assets between an Investor and its Associate or Joint Venture	The amendments respond to a conflict in existing guidance, and the *resulting diversity in practice. When a parent loses control of a subsidiary* in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 -Business Combinations.	Effective date deferred indefinitely

The above amendments to accounting standards and pronouncements applicable to the Company effective for accounting periods beginning after 30 September 2020 are not expected to have a material impact or the Company has not completed its impact assessment.

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

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

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents service fees, data processing fees and international fees, net of volume-based discounts and support incentives, VAT and other sales-related taxes.

Scheme fees predominantly represent payments by clients with respect to the Visa card programme. Current quarter scheme fees are assessed using a calculation of current pricing applied to the prior quarter's payments volume. Data processing fees represent user fees for authorisation, clearing, settlement and other activities that facilitate transaction and information flow among the Company's clients. Data processing revenues are recognised in the same period the related transactions occur or services are performed. International fees are determined by the extent to which Visa cards issued by Visa Europe clients are used non-domestically and Visa cards issued elsewhere are used within the Visa Europe territories. International fees are primarily generated by cross-border payments and cash volume and are recognised in the same period related volumes are transacted.

Client incentive agreements (Incentives or CIAs)
The Company enters into long-term contracts with financial institution clients, merchants and strategic partners for various programmes designed to build payments volume, increase Visa product acceptance, win merchant routing transactions over Visa's network and drive innovation.

Incentives are primarily accounted for as reductions to revenues or as operating expenses. Operating expense classification applies if the Company has enforceable rights under the contract to receive distinct goods/services from the customer, a separate identifiable benefit at fair value can be established, the goods/services are controlled by the Company and the Company is not required to pay or has the right to claw-back prepaid funds if not used as directed.

Client incentives are provided as discounts against fees or payouts to drive increased payments volume and transactions routed through Visa, which are then cleared and settled over Visa's network. Incentives costs, incurred in pursuit of revenue growth or retention, are considered direct costs of revenues and are treated as a contra to revenue in the income statement.

The Company generally capitalises advance incentive payments under these agreements. Advance payments relate to up front payments made in advance of any performance year or at the beginning of the contract, before which we are able to assess the clients' performance against contracted targets. These payments generally have a clawback element associated for non-performance of a pre-agreed condition or performance target. Advance payments are typically to support clients with migration, installing acceptance terminals or setting up on Visa's systems, amongst other uses. Capitalised amounts are amortised over the life of the agreement. Incentives not yet paid are accrued based on management's estimate of each client's performance against the contractual terms. These accruals are regularly reviewed and estimates of performance are adjusted, as appropriate, based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts. If there is a history of renewal with a client, accruals are recorded during any gap period, based on an estimated accrual under the expired contract. Any amount in excess of what was accrued under the new contract, would be deferred and amortized over the new contract term.

Leasing

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 October 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 October 2019.

The Company as lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. The Company does not combine lease payments with non-lease components for any of its leases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 October 2019

The Company as lessee
In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. Assets held under finance leases were recognised as assets of the Company at their fair value or, if lower, at the present value of the future minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor was included in the balance sheet as a finance lease obligation. Lease payments were apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised directly against income.

Rentals payable under operating leases were charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease were also spread on a straight-line basis over the lease term.

The Company as lessor
Rental income from operating leases was recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Customer relationships	15 years
Brand	15 years
Internally generated software	3 to 10 years

Impairment of tangible and intangible assets

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

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

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

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

Financial instruments

Financial assets

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

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

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

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

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

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

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

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

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

Business model assessment:

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

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

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

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

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

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

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

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

Subsequent measurement and gains and losses:

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

Financial liabilities

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

Trade receivables and other receivables
Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement. When estimating loss allowances for trade receivables, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

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

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

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

Derivative financial instruments and cash flow hedge accounting

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

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

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

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

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

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

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

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

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

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

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

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

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

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

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

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

Share-based payments
The overall parent company of Visa Europe issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of awards of non-vested shares is equal to the closing price of the Visa Inc. shares on the date of grant, adjusted for the present value of future dividend entitlements where appropriate.

Provisions and contingent liabilities
Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using a commercial rate where the effect is material. The discount rate adopted for present value purposes in calculating provisions is pre-tax, reflective of the risks specific to the liability, and not reflective of risks for which future cash flow estimates have been adjusted. Discounts are unwound through the income statement from the date the provision is made up to the date that the expenditure covered by the provision is incurred.

Contingent liabilities are disclosed when the Company has a present obligation as a result of a past event, but the probability that it will be required to settle that obligation is more than remote, but not probable.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Retirement benefits (Estimate)

The schemes' liabilities are calculated using the projected unit credit method, which takes into account projected earnings increases, using actuarial assumptions that give the best estimate of the future cash flows that will arise under the scheme liabilities. The resulting estimated cash flows are discounted at a rate equivalent to the market yield at the balance sheet date on high quality bonds with a similar duration and currency to the schemes' liabilities. In order to estimate the future cash flows, a number of financial and non-financial assumptions are made by management, changes to which could have a material impact upon the overall deficit or the net cost recognised in the income statement.

The three most important assumptions are the rate of inflation, the discount rate and the rates of mortality.

The assumed rates of inflation affect the rate at which salaries and deferred pensions are projected to grow before retirement and also the rates at which pensions in payment increase. Over the longer term, rates of inflation can vary significantly; at 30 September 2020 it was assumed that the rate of inflation was based on the increase in the Retail Prices Index (RPI), for which an assumption of 3.00% per annum (2019: 3.20%) was made, and also on the increase in the Consumer Prices Index (CPI), for which an assumption of 2.20% per annum was made (2019: 2.20%). If these assumptions were increased by 0.1%, and the other inflation related assumptions were increased by a commensurate amount, the overall deficit would increase by approximately €9 million (2019: €8.8 million) and the annual cost by approximately €0.2 million (2019: €0.2 million). A reduction of 0.1% would reduce the overall deficit by approximately €8.9 million (2019: €9 million) and the annual cost by approximately €0.2 million (2019: €0.2 million). The size of the overall deficit is also sensitive to changes in the discount rate, which is affected by market conditions and therefore potentially subject to significant variations.
At 30 September 2020 the discount rate used was 1.60% (2019: 1.80%); a reduction of 0.1% would increase the overall deficit by approximately €10.6 million (2019: €10.8 million) and the annual cost by approximately €0.2 million (2019: €0.3 million), while an increase of 0.1% would reduce the deficit by approximately €10.4 million (2019: €10.6 million) and the *annual cost by approximately €0.2 million (2019: €0.3 million). See Note 20.*

The size of the overall deficit is also sensitive to changes in the assumption for rates of mortality, which is another variable that cannot be predicted with any degree of certainty; it is therefore also an assumption which is subject to variations over time (both in terms of the ultimate rates observed and what is considered a reasonable assumption for projecting future improvements to these rates).

In particular, during FY20, there was further uncertainty introduced by the COVID-19 global pandemic. No excessive deaths from COVID-19 had been experienced in the scheme so no change to the assumption for current rates of mortality was made, nor for the long term rates of improvement. If the assumed life expectancy was increased by approximately* one year the overall deficit would increase by approximately €16 million (2019: €16.3 million) and the annual cost by approximately €0.9 million (2019: €0.4 million). If the assumed life expectancy was reduced by approximately* one year the overall deficit would reduce by approximately €15.7 million (2019: €16 million) and the annual cost by approximately €0.3 million (2019: €0.4 million).

3. Critical accounting judgements and key sources of estimation uncertainty *continued*

The scheme exposes the Company to the following risks:

- Asset volatility: The Plan's assets may underperform the discount rate assumed over any accounting period.
- Inflation risk: A significant proportion of the Plan's benefits increase in line with the UK inflation measures, RPI and CPI. Unexpected increases in UK inflation would lead to higher Plan benefits.
- Longevity: Unexpected increases in life expectancy would increase the Plan's liabilities.

*We have approximated the change in life expectancy by assuming that everyone experiences the mortality rates (prior to the allowance for improvements) of someone aged one year younger or older than they actually were.

Provisions and contingent liabilities (Judgement and Estimate)
The Company exercises its judgement in considering whether a liability may arise and where estimation is possible, makes a prudent estimate of that liability. Judgement is necessary in assessing the likelihood that a claim or allegation will succeed or that a negotiated settlement may be reached. Judgement is further required in recognising and estimating the quantum of provisions (see Note 21) and contingent liabilities (see Note 25) related to legal and regulatory proceedings.

The Company evaluates the likelihood of an unfavourable outcome in legal or regulatory proceedings to which it is a party and recognises a provision when it is probable that an outflow of resources will be required to settle the obligation and the amount of the loss can be estimated reliably. "Probable" is defined as more likely than not. The amount recorded as a provision is the Company's best estimate of the expenditure required to settle the obligation. If the best estimate of the expenditure is a range, and if one amount in that range represents a better estimate than any other amount within the range, that amount is recorded. If no amount in the range is a better estimate than any other amount, the Company recognises the midpoint of the range for recording the liability. These judgements are subjective, based on the status of such legal or regulatory proceedings, the merits of the Company's defences and consultation with corporate and external legal counsel. Actual outcomes of these legal and regulatory proceedings may differ materially from the Group's estimates. See Note 21 - Provisions and Note 28 - Legal matters.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote. See Note 25 - Contingent liabilities and Note 28 - Legal matters.

Due to the inherent uncertainty in these evaluation processes, assessments or estimates may prove to be incorrect and actual outflows of resources may be different from the original assessment.

4. Revenue

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

	2020	2019
	€'000	€'000
Gross revenue	**4,074,852**	4,104,456
Incentives	**(1,020,098)**	(776,585)
Net revenue	**3,054,754**	3,327,871

Separation of gross revenue by the Company's three business units, Scheme, Processing and International fees, is as follows:

	2020 €'000			
	Scheme	Processing	International fees	Total
Gross revenue	**635,818**	**946,336**	**2,492,698**	**4,074,852**

	2019 €'000			
	Scheme	Processing	International fees	Total
Gross revenue	618,616	890,372	2,595,468	4,104,456

4. Revenue *continued*

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

	2020 €'000	2019 €'000
Contract assets	**558,287**	449,879
Contract liabilities	**(847,361)**	(688,704)

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

The contract liabilities primarily relate to unpaid incentives on agreements with clients and partners, as at the reporting date. The contract liabilities were impacted by payments made against accruals from the previous period and the accounting for obligations arising from new contracts signed with customers. Changes in contract liabilities in the period were driven by the impact of new contracts and modifications to existing contracts of €230 million, offset by changes in the estimates related to client's performance against contracted targets of (€71) million.

Contract assets and contract liabilities are presented in the statement of financial position within trade and other receivables and trade and other payables, respectively. (Refer to Note 16, Trade and other receivables, and Note 18, Trade and other payables.)

5. Administrative expenses

Other administrative expense includes:

	2020 €'000	2019 €'000
Foreign exchange net loss/(gain)	**106,560**	(35,013)
Research and development costs	**1,749**	5,082
Operating lease cost (see Note 26)	**—**	27,374
Auditor's remuneration (see Note 6)	**1,912**	1,581
Loss on disposal of property, plant and equipment (see Note 11)	**4,595**	3,515
Other remaining costs	**934,882**	754,579
Total Other administrative expense	**1,049,698**	757,118

Other remaining costs within other administrative expense includes charges from Visa Inc. (resulting from our contractual arrangement with Visa Inc. as governed by the Framework Agreement - refer to Note 27), along with professional, consulting and marketing costs.

Decrease in Operating lease cost is a result of the implementation of IFRS 16 effective 1 October 2019. Refer to Note 2 - Significant accounting policies - Adoption of revised standards and Note 26 - Leases.

Depreciation and amortisation includes:

	2020 €'000	2019 €'000
Depreciation of property, plant and equipment (see Note 11)	**31,369**	33,543
Amortisation of intangibles (see Note 12)	**675**	427
Depreciation of right-of-use assets (see Note 26)	**11,887**	—
Total Depreciation and amortisation	**43,931**	33,970

Increase in Depreciation of right-of-use assets is a result of the implementation of IFRS 16 effective 1 October 2019. Refer to Note 2 - Significant accounting policies - Adoption of revised standards and Note 26 - Leases.

In fiscal year 2020, the Company agreed to settlements of €29 million (2019: €152 million) in total with other individual merchants related to multilateral interchange fees unrelated to the Retailer Litigation case. See Note 21—Provisions and Note 28—Legal matters for further details of the Retailer Litigation.

Refer to Note 8 for details of Employee benefits.

6. Auditor's remuneration

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

	2020	2019
	€'000	€'000
Fees payable to the Company's auditor for the audit of the annual accounts	**1,186**	940
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	**79**	52
Tax advisory services	**—**	185
Other assurance services	**647**	404
	1,912	1,581

Other assurance services related primarily to regulatory assurance associated with Interchange Fee Regulation (IFR) reporting and other regulatory reporting.

In addition to the amount disclosed for auditor's remuneration for 2019, a further €0.2 million was paid to the auditor in relation to the 2019 audit after the issuance of the financial statements. This has been included in the current year disclosure.

7. Re-measurement income/(expense)

	2020	2019
	€'000	€'000
Net realised gain/(loss) on derivatives in a designated hedge accounting relationship	**39,414**	(60,738)
Net unrealised gain/(loss) on derivatives in a designated hedge accounting relationship	**13,372**	(11,431)
	52,786	(72,169)

There was €0.3 million ineffectiveness arising from cash flow hedges included in re-measurement income/(expense) (2019: €0.1 million).

The classification of net realised and net unrealised gain/(loss) in 2019 have been represented to be consistent with the current year classification.

8. Employee benefit costs and employee numbers

Employee benefit costs were as follows:

	2020	2019
	€'000	€'000
Wages, salaries, and performance related pay	**220,264**	204,153
Social security costs	**42,935**	34,963
Other retirement benefit obligation costs	**26,762**	21,630
Share-based payment	**27,900**	22,507
Severance costs	**112**	8,338
Other	**4,562**	7,477
	322,535	299,068

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

	2020	2019
Technology and Business operations	**1,206**	1,047
Sales and marketing	**243**	206
Management and administrative	**362**	293
	1,811	1,546

The classification of employees in 2019 have been represented to be consistent with the current year classification.

Share-based payment arrangements

Description of Share-based payment arrangements

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

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

	Restricted Stock Units	Weighted-Average Grant Date Fair Value[1]	Weighted Average Remaining Contractual Term (in years)	Fair Value at Grant[1]
Outstanding at 30 September 2019	378,818	$122.67		
Granted	184,594	$183.94		$ 183.94
Exercised	(175,626)	$116.20		
Transfers in	6,963	$132.62		
Forfeited[2]	(12,016)	$146.20		
Outstanding at 30 September 2020[3]	**382,733**	**$154.02**	**1.36**	

1 Visa Inc. shares are quoted in USD.

2 No shares expired during the period.

3 None of the shares outstanding as at 30 September 2020 are exercisable.

Measurement of Share-based payment arrangements

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

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

Details of increase in equity arising from Share-based payments

RSUs have been granted by the overall parent company, Visa Inc., which are not charged back to the Company. The Company incurs the cost on behalf of Visa Inc. and as the Company is not compensated, this is considered a capital contribution recognised in equity.

The expense recognised for the period totals:

Equity settled transactions	**2020 (€'000)**	2019 (€'000)
Total Share-based payment expense recognised during the period	**27,900**	22,507

9. Remuneration of directors

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

	2020 €'000	2019 €'000
Directors fees and expenses	**628**	372
Base remuneration	**1,014**	997
Performance related bonuses	**784**	1,009
Share-based payment	**2,821**	1,758
Retirement benefits	**91**	76
Other benefits	**38**	38
	5,376	4,250

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

	2020 €'000	2019 €'000
Base remuneration	**625**	591
Performance related bonuses	**552**	724
Share-based payment	**2,393**	1,596
Retirement benefits	**56**	53
Other benefits	**20**	22
	3,646	2,986

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

The final amount delivered to the employee for the performance-based shares are dependent on the achievement of both performance and market conditions of the three-year period and can range from zero to 200% of the grant value.

The remuneration of three directors was incurred and paid by other Visa Inc. group companies in both 2020 and 2019 and was not charged back to the Company.

10. Income tax expense

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

Current tax payable is based on taxable profit for the year. Taxable profit can differ from the profit reported on the income statement due to permanent or timing differences for tax purposes.

Deferred tax is the tax expected to be payable or recoverable in the future, arising from temporary differences between the carrying value in the accounts and the tax bases used in the computation of taxable profits.

	2020 €'000	2019 €'000
Current tax:		
UK corporation tax:		
Current tax on profit for the year	**315,317**	388,025
Adjustment in respect of prior years	**(3,969)**	(11,937)
	311,348	376,088
Foreign tax:		
Current tax on profit for the year	**5,917**	5,999
Total current income tax expense	**317,265**	382,087
Deferred tax (Note 15):		
Origination and reversal of temporary differences	**(6,313)**	(7,031)
Adjustment in respect of prior years	**2,252**	(1,620)
Rate change	**352**	946
	(3,709)	(7,705)
Total income tax expense	**313,556**	374,382

10. Income tax expense *continued*

Reconciliation of income tax expense

The current income tax expense for the year is higher than the UK tax rate of 19.0% (2019: lower than the UK tax rate of 19.0%). The table below reconciles the tax charge at the UK statutory tax rate to the actual tax charge for the year.

	2020 €'000	2019 €'000
Profit before tax	**1,637,786**	2,021,451
Taxation at the standard UK tax rate of 19.0%	**311,179**	384,076
Effects of:		
Non-deductible expenses	**1,432**	1,982
Effect of higher country rates	**2,310**	2,789
Effect of rate change for deferred tax	**352**	946
Effect of exchange rates	**—**	(1,854)
Prior year adjustments	**(1,717)**	(13,557)
Total income tax expense (see above)	**313,556**	374,382

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. This was substantively enacted on 17 March 2020 and subsequently enacted on 22 July 2020.

In the 3 March 2021 Budget it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023.

Deferred tax assets and liabilities are required to be valued using the tax rate which will be in force at the time when the temporary difference is expected to unwind. In line with the requirements of IAS 12, the impact of the future change in rate to 25% has not been reflected in the deferred tax balances at 30 September 2020 and will be recognised once it has been substantively enacted by the UK Parliament. The estimated impact of the future change in tax rate would be an increase in the deferred tax asset of approximately €3.1 million. (Refer to Note 15, Deferred tax.)

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

Income tax recognised in other comprehensive income and directly in reserves

	2020 €'000			2019 €'000		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Charged to other comprehensive income:						
Net gains/(losses) arising on hedging derivatives	**34,693**	**(4,111)**	**30,582**	(6,649)	1,461	(5,188)
Net (gains)/losses transferred from other comprehensive income to income statement	**(13,757)**	**—**	**(13,757)**	1,853	(352)	1,501
Remeasurement losses on defined benefit pension schemes	**(11,274)**	**6,131**	**(5,143)**	(17,099)	3,681	(13,418)
Charged directly in reserves:						
Equity settled share-based payment transactions	**27,900**	**724**	**28,624**	22,507	807	23,314

11. Property, plant and equipment

	Land, buildings and leasehold improvements €'000	Assets in course of construction €'000	Fixtures and equipment €'000	Computer equipment and software €'000	Total €'000
Cost					
At 30 September 2018	31,153	29,876	6,329	75,262	142,620
Additions	—	38,534	5,214	—	43,748
Transfers between items	15,317	(38,858)	6,150	17,391	—
Transfer adjustment from subsidiary companies	—	—	—	(2,002)	(2,002)
True up of internally generated software (Note 12)	—	—	—	6,598	6,598
Disposals	—	—	(53)	(10,110)	(10,163)
At 30 September 2019	46,470	29,552	17,640	87,139	180,801
Additions	**—**	**41,310**	**—**	**456**	**41,766**
Transfers between items	**36,783**	**(60,967)**	**3,787**	**20,397**	**—**
Transfer adjustment from subsidiary companies	**(5,556)**	**—**	**(289)**	**(2,611)**	**(8,456)**
Disposals	**(3,000)**	—	**(351)**	**(11,537)**	**(14,888)**
At 30 September 2020	**74,697**	**9,895**	**20,787**	**93,844**	**199,223**
Accumulated depreciation					
At 30 September 2018	(7,741)	—	(4,694)	(20,024)	(32,459)
Charge for the year	(6,703)	—	(2,567)	(24,273)	(33,543)
Disposals	—	—	53	6,595	6,648
True up of internally generated software (Note 12)	—	—	—	(648)	(648)
At 30 September 2019	(14,444)	—	(7,208)	(38,350)	(60,002)
Charge for the year	**(6,761)**	**—**	**(2,850)**	**(21,758)**	**(31,369)**
Transfer adjustment from subsidiary companies	**2,068**	**—**	**103**	**2,014**	**4,185**
Disposals	**2,533**	**—**	**18**	**7,742**	**10,293**
At 30 September 2020	**(16,604)**	**—**	**(9,937)**	**(50,352)**	**(76,893)**
Carrying amount					
At 30 September 2019	32,026	29,552	10,432	48,789	120,799
At 30 September 2020	**58,093**	**9,895**	**10,850**	**43,492**	**122,330**

The cost of internally generated software that has been brought into use, initially held in computer, equipment and software is transferred to intangible assets (see Note 12).

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

An annual assessment has been made as to whether the carrying amount of tangible assets is impaired. No such indication of impairment was identified.

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

	2020 €'000	2019 €'000
Contracted purchase of software and computer equipment	**1,551**	2,747
Contracted expenditure on buildings, fixtures and equipment	**4,554**	5,135
	6,105	7,882

12. Goodwill and intangibles

	Goodwill €'000	Operating rights €'000	Customer relationships €'000	Brand €'000	Internally generated software €'000	Total €'000
Cost						
At 30 September 2018	33,015	20,519	3,711	757	8,444	66,446
True up of internally generated software (Note 11)	—	—	—	—	(6,598)	(6,598)
At 30 September 2019	33,015	20,519	3,711	757	1,846	59,848
Additions	—	—	—	—	—	—
At 30 September 2020	**33,015**	**20,519**	**3,711**	**757**	**1,846**	**59,848**
Accumulated amortisation						
At 30 September 2018	—	—	(2,147)	(434)	(1,809)	(4,390)
Charge for the year	—	—	(247)	(50)	(130)	(427)
True up of internally generated software (Note 11)	—	—	—	—	648	648
At 30 September 2019	—	—	(2,394)	(484)	(1,291)	(4,169)
Charge for the year	—	—	**(248)**	**(51)**	**(376)**	**(675)**
At 30 September 2020	—	—	**(2,642)**	**(535)**	**(1,667)**	**(4,844)**
Carrying amount						
At 30 September 2019	33,015	20,519	1,317	273	555	55,679
At 30 September 2020	**33,015**	**20,519**	**1,069**	**222**	**179**	**55,004**

The operating rights have been assessed as having an indefinite life because Visa Europe has signed an exclusive, irrevocable licensing arrangement in perpetuity with Visa Inc. to use the Visa trademarks and technology, and the Company is expected to generate net cash inflows indefinitely.

An annual assessment has been made as to whether the carrying value of goodwill is impaired. The recoverable amount of goodwill has been based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of cash generating units (CGUs). The carrying amount of the goodwill has been determined to be lower than its recoverable amount, indicating no impairment.

An annual assessment has been made as to whether the carrying amount of intangible assets that have a definitive useful life is impaired. No such indication of impairment was identified.

13. Investment in subsidiaries

	2020	2019
	€'000	€'000
Cost and carrying value		
At 30 September	**49**	45

Details of the Company's subsidiaries, which are all direct investments, at 30 September 2020 are as follows:

Name	Place of incorporation ownership (or registration)	Place of operation	Proportion of ownership interest	Proportion of voting power held	Method used to account for investment
Visa Europe Services LLC ("VES" - formerly Visa Europe Services Inc.) (1)	USA	UK	100%	100%	Cost
Visa Europe Management Services Limited ("VEMS") (1)	UK	UK	100%	100%	Cost
Visa Europe (Malta) Limited (2)	Malta	Malta	100%	100%	Cost
Visa Europe (Cyprus) Limited (3)	Cyprus	Cyprus	100%	100%	Cost
Visa Europe Management Services (Ireland) Private Limited (4)	Ireland	Ireland	100%	100%	Cost
Visa Europe Pension Trustee Limited (1)	UK	UK	100%	100%	Cost
Visa Europe (Netherlands) B.V. (5)	Netherlands	Netherlands	100%	100%	Cost
Visa Europe (Slovakia) s.r.o. (6)	Slovakia	Slovakia	85%	85%	Cost

(1) The registered address of these subsidiaries is 1 Sheldon Square, London, United Kingdom, W2 6TT.
(2) The registered address of Visa Europe (Malta) Ltd is Regus, 2nd Floor, Tower Business Centre, Tower Street, Swatar, Malta, BKR 4013.
(3) The registered address of Visa Europe (Cyprus) Ltd is Karaiskaki, 13, 3032, Limassol, Cyprus.
(4) The registered address of Visa Europe Management Services (Ireland) Private Limited is 112-114 St Stephen's Green, Dublin 2, D02 Td28.
(5) The registered address of Visa International (Holland) B.V. is Herikerbergweg 292-342 Diana Building Office 0.02 1101 CT
(6) The registered address of Visa Europe (Slovakia) s.r.o is Michalská 9, Bratislava - Staré Mesto, 811 01

On 30 June 2020, Visa International (Holland) B.V. was transferred to the Company from Visa International Service Association and renamed to Visa Europe (Netherlands) B.V.

On 13 June 2020, Visa Europe (Slovakia) s.r.o. was formed, which is 85% held by the Company and 15% held by VEMS, a wholly owned subsidiary of the Company.

14. Financial assets

	2020	2019
	€'000	€'000
Currency derivatives (see Note 24)	**26,300**	763
Total financial assets	**26,300**	763

The total gross notional amount in respect of all derivative contracts as at 30 September 2020 was €1,744 million (2019: €906 million).

Currency derivatives notional amounts increased in 2020 primarily due to the Company holding increased cash balances in US Dollar due to liquidity concerns around COVID-19, which resulted in larger hedges to offset the foreign exchange impact.

15. Deferred tax

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

	Accelerated tax depreciation €'000	Retirement benefit obligations €'000	Other temporary differences €'000	Total €'000
Deferred tax assets/(liabilities) at 1 October 2019	**34,999**	**5,968**	**(37,532)**	**3,435**
(Charge)/credit to income statement	**(5,506)**	**(2,925)**	**14,858**	**6,427**
Credit/(charge) to other comprehensive income	**—**	**2,472**	**(3,757)**	**(1,285)**
Prior year adjustment to income statement	**848**	**—**	**(630)**	**218**
Exchange differences	**—**	**(143)**	**32**	**(111)**
Rate change	**4,217**	**702**	**(3,725)**	**1,194**
Deferred tax assets/(liabilities) at 30 September 2020	**34,558**	**6,074**	**(30,754)**	**9,878**

The deferred tax assets and liabilities have been offset where there is a legal right of set off. The deferred tax assets and liabilities recognised in the balance sheet relate to accelerated tax depreciation, retirement benefit obligation and other temporary differences. Other temporary differences relate to stock based compensation, derivative instruments and the net impact of the implementation of IFRS 15.

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

	2020 €'000	2019 €'000
Deferred tax assets	**51,544**	51,181
Deferred tax liabilities	**(41,666)**	(47,746)
	9,878	3,435

Deferred tax assets comprise accelerated tax depreciation, retirement benefit obligation and stock based compensation. Deferred tax liabilities relate to the net impact of the implementation of IFRS 15 and derivative instruments.

16. Trade and other receivables

	2020 €'000	*Restated 2019 €'000
Trade receivables	**985,467**	2,485,349
Net amounts owed by related parties (see Note 27)	**391,020**	1,192,000
Other receivables	**566,102**	473,485
Prepayments	**13,154**	18,485
	1,955,743	4,169,319

Beginning in 2020, the Company is no longer required to settle certain settlement positions with clients on a gross basis rather than net in certain circumstances. The Bank of England, in its capacity as the designating authority under the terms of the Financial Markets and Insolvency Regulations 1999 (as amended), granted the Company designation under the UK Settlement Finality Regulation with effect from 23 September 2020. This designation provides the Company legal protection from netting of client settlement positions being unwound in an insolvency event. Therefore, settlement receivable and payable positions with clients have been presented in the statement of financial position on a net basis for 2020. During fiscal year 2019, the Company could be required to settle certain settlement positions with clients on a gross basis rather than net in certain circumstances. Therefore, in 2019, settlement receivable positions with clients have been presented in the statement of financial position on a gross basis.

At 30 September 2020, trade receivables included net settlement receivables of €758 million. The gross amount of the settlement receivable position, not including the €363 million set off against settlement payables, is €1,121 million. (See also Note 18, Trade and other payables.)

16. Trade and other receivables *continued*

At 30 September 2019, trade receivables included settlement balances due from customers totalling €2,253 million. Correspondingly, settlement balances payable to customers of €3,454 million are included within trade payables at 30 September 2019 (see Note 18). If in 2019 settlement receivable positions with clients were presented in the statement of financial position on a net basis, the settlement receivables balance at 30 September 2019 would have been €1,712 million.

Amounts owed to the Company by related parties is mainly due to the €375 million (2019: €1,192 million) international settlement receivable position between the Company and Visa Inc., which is normally settled daily on the next business day.

Other receivables are primarily related to client incentive assets (refer to Note 4).

The average debtor days on sales of services is 28 days (2019: 19 days). The Company does not charge interest on unpaid receivables for the first 30 days from the date of invoice.

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

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

*During the period management have reviewed intercompany balances and found that for these balances no right of set off exists. As a consequence the prior year was restated to increase the receivables and payables balances by €533 million, respectively. No effect on total net assets and profit. (Refer to Note 18, Trade and other payables.)

17. Cash and cash equivalents

	2020 **€'000**	2019 €'000
Bank balances	**5,170,822**	4,348,038
Bank overdrafts (see Note 19)	**(3,457)**	—
Total cash and cash equivalents	**5,167,365**	4,348,038

€2 million of the total cash and cash equivalents balance (2019: €60 million) is held in bank accounts in the name of Visa Europe Services LLC, a wholly owned subsidiary of Visa Europe; albeit Visa Europe retained beneficial ownership as Visa Europe is exposed to the risk and rewards of these cash balances.

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

18. Trade and other payables

	2020 **€'000**	*Restated 2019 €'000
Trade payables	**1,206,389**	3,456,351
Net amounts owed to related parties (see Note 27)	**799,405**	533,456
Social security and other taxes	**16,700**	3,892
Accruals	**965,603**	853,847
Deferred income	**49,746**	20,933
Current lease liabilities (See Note 26)	**10,724**	—
	3,048,567	4,868,479

Beginning in 2020, the Company is no longer required to settle certain settlement positions with clients on a gross basis rather than net in certain circumstances. Therefore, settlement receivable and payable positions with clients have been presented in the statement of financial position on a net basis for 2020. During fiscal year 2019, the Company could be required to settle certain settlement positions with clients on a gross basis rather than net in certain circumstances. Therefore, in 2019, settlement payable positions with clients have been presented in the statement of financial position on a gross basis.

At 30 September 2020, trade payables included net settlement payables of €1,135 million. The gross amount of the settlement payable position, not including the €363 million set off against settlement receivables, is €1,498 million. (See also Note 16, Trade and other receivables.)

At 30 September 2019, trade payables included settlement balances payable to customers totalling €3,454 million. Correspondingly, settlement balances due from customers of €2,253 million are included within trade receivables at 30 September 2019 (see Note 16). If in 2019 settlement payable positions with clients were presented in the statement of financial position on a net basis, the settlement payables balance at 30 September 2019 would have been €2,913 million.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs, in addition to settlement payables. The average creditor days for trade purchases is 59 days (2019: 76 days).

Accruals is primarily related to accrued client incentives (refer to Note 4).

*During the period management have reviewed intercompany balances and found that for these balances no right of set off exists. As a consequence the prior year was restated to increase the receivables and payables balances by €533 million, respectively. No effect on total net assets and profit. (Refer to Note 16, Trade and other receivables.)

19. Financial liabilities

	2020	2019
	€'000	€'000
Bank overdrafts	**3,457**	—
Currency derivatives	**11,115**	21,991
Total financial liabilities	**14,572**	21,991

The total gross notional amount in respect of all derivative contracts as at 30 September 2020 was €1,744 million (2019: €906 million).

Visa Europe is a designated borrower, along with Visa Inc. and other related entities, of a shared, stand-by credit facility that Visa Europe can access to meet liquidity needs, if required. The total facility of $5.0 billion was committed to the Visa Inc Group, including Visa Europe. As of 30 September 2020, Visa Europe had a nil draw on the credit facility (2019: nil).

20. Retirement benefit obligation

Defined contribution pension schemes

The retirement benefit obligation charge for the year represents contributions payable by the Company to the schemes and amounted to €22.2 million (2019: €16.8 million). The assets of the defined contribution schemes are held in independently administered funds. The charge in respect of these schemes is calculated on the basis of contributions payable by the Company in the financial year. Approximately 96% of all UK employees (2019: 93.0%) are members of these retirement benefit obligation schemes. The Company currently operates defined contribution pension schemes and the schemes are open to new entrants.

Defined benefit schemes

The Company provides benefits to certain employees through a defined benefit plan which is known as 'the Visa Europe Pension Plan' (VPP). Here the benefits are provided on a funded basis and are based on the final pensionable pay of VPPs members to the maximum level allowed by HMRC. The balance of the benefit, for those few individuals entitled to benefits above the maximum allowed by HMRC, is provided through an unfunded unapproved arrangement (UA). The UA scheme is classified in 'other schemes' in the following tables. The duration of the VPP scheme liabilities is 24 years. The VPP is open to future accrual but closed to new entrants.

The latest actuarial valuation for the VPP and UA schemes was carried out at 30 September 2017 and was updated for the purpose of IAS 19, Employee Benefits, to 30 September 2020 by a qualified independent actuary. As the schemes are closed to new members, it is expected that the cost of the schemes as a percentage of individual pensionable salaries will increase as the member's age.

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

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

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

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy, which aims to reduce the volatility of the funding level of the VPP. By investing in assets such as liability driven investments, which perform in line with the liabilities of the VPP, the VPP is protected to some extent against unanticipated changes in interest rates and inflation.

During 2010, Visa Europe acquired SAS Carte Bleue. The liabilities of SAS Carte Bleue included a defined benefit scheme, which is unfunded. This scheme, the France Pension Scheme, has been included within 'other schemes' and is in relation to retirement indemnities paid on retirement in line with French regulations. The latest actuarial review for the France Pension Scheme was carried out at 30 September 2020.

Nature of benefits provided by the VPP scheme:
The Company operates a defined benefit scheme in the UK which is a final salary plan and provides benefits linked to salary at retirement, at earlier date of leaving service or that effective at 1 February 2015.

Description of regulatory framework in which the VPP scheme operates
The UK pensions market is regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website, www.thepensionregulator.gov.uk.

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

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

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

Key actuarial assumptions used:

	2020 %	2019 %
Discount rate applied to scheme liabilities	**1.60**	1.80
Expected rate of salary increases (salary sacrifice members)	**2.50**	2.50
Future pension increases	**2.90**	3.10
Inflation (RPI)	**3.00**	3.20
Inflation (CPI)	**2.20**	2.20

	2020 Years	2019 Years
Life expectancy for a male aged 65	**23.7**	23.5
Life expectancy for a male aged 45 from the age of 65	**25.1**	24.9
Life expectancy for a female aged 65	**26.6**	26.5
Life expectancy for a female aged 45 from the age of 65	**28.1**	28.0

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

	2020			2019		
	VPP €'000	**Other schemes €'000**	**Total €'000**	VPP €'000	Other schemes €'000	Total €'000
Current service cost	**3,888**	**318**	**4,206**	3,584	108	3,692
Net interest cost on net defined benefit liability	**518**	**101**	**619**	397	125	522
Past service costs	**—**	**27**	**27**	606	27	633
	4,406	**446**	**4,852**	4,587	260	4,847

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

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

	Present value of defined benefit obligation €'000	Fair value of scheme assets €'000	(Liability)/ asset recognised in the balance sheet €'000
2020			
VPP	**(476,963)**	**447,082**	**(29,881)**
Other schemes	**(5,186)**	**—**	**(5,186)**
Total	**(482,149)**	**447,082**	**(35,067)**
2019			
VPP	(477,506)	446,711	(30,795)
Other schemes	(6,893)	—	(6,893)
Total	(484,399)	446,711	(37,688)

On the Company's balance sheet, retirement benefit obligations of €3.4 million (2019: €2.6 million) relate to the France Pension Scheme, which is the pension scheme for the French branch of Visa Europe.

20. Retirement benefit obligation *continued*

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

	2020			2019		
	VPP €'000	**Other schemes €'000**	**Total €'000**	VPP €'000	Other schemes €'000	Total €'000
At 1 October	**(477,506)**	**(6,893)**	**(484,399)**	(390,850)	(6,210)	(397,060)
Current service cost	**(3,888)**	**(318)**	**(4,206)**	(3,584)	(108)	(3,692)
Interest expense on defined benefit obligation	**(8,612)**	**(101)**	**(8,713)**	(11,356)	(125)	(11,481)
Re-measurement (losses)/gains financial assumptions	**(7,417)**	**(2)**	**(7,419)**	(92,711)	(571)	(93,282)
Re-measurement (losses)/gains demographic assumptions	**(1,380)**	**(10)**	**(1,390)**	4,007	39	4,046
Contributions by scheme participants	**(105)**	**1,717**	**1,612**	(125)	—	(125)
Experience (losses)/gains	**(1,305)**	**387**	**(918)**	(302)	20	(282)
Foreign exchange differences	**9,568**	**61**	**9,629**	(1,140)	(13)	(1,153)
Benefits paid	**13,682**	**—**	**13,682**	19,161	102	19,263
Past service cost	**—**	**(27)**	**(27)**	(606)	(27)	(633)
At 30 September	**(476,963)**	**(5,186)**	**(482,149)**	(477,506)	(6,893)	(484,399)

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

	2020			2019		
	VPP €'000	**Other schemes €'000**	**Total €'000**	VPP €'000	Other schemes €'000	Total €'000
At 1 October	**446,711**	—	**446,711**	374,316	—	374,316
Interest income on assets	**8,094**	—	**8,094**	10,959	—	10,959
Return on plan assets excluding interest income	**(3,431)**	—	**(3,431)**	70,213	—	70,213
Foreign exchange difference	**(8,876)**	—	**(8,876)**	1,319	—	1,319
Contributions by scheme participants	**105**	—	**105**	125	—	125
Contributions from the sponsoring company	**18,161**	**1,671**	**19,832**	8,940	102	9,042
Benefits paid	**(13,682)**	**(1,671)**	**(15,353)**	(19,161)	(102)	(19,263)
At 30 September	**447,082**	—	**447,082**	446,711	—	446,711

During the year the sponsoring company made an unscheduled contribution of €9.0 million to reduce the deficit (2019: €nil).

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

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

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

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

As a result of uncertainty on real estate valuations arising from COVID-19, the valuers of the property fund (level 3) had introduced a Market Uncertainty Clause into their valuations during March 2020, and the investment manager suspended dealing in the fund as a result. During early September 2020, the Market Uncertainty Clause was lifted in its entirety on all the underlying property fund assets and the fund reopened for trading from 1 October 2020. Pricing of the fund's units was available throughout the period.

20. Retirement benefit obligation *continued*

	2020			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity instrument – UK	—	—	—	—
Equity instrument – Overseas	—	**55,964**	—	**55,964**
Liability driven investments	—	**221,785**	—	**221,785**
Debt instruments	—	**71,351**	**29,383**	**100,734**
Property	—	—	**27,665**	**27,665**
Diversified growth fund	—	**36,000**	—	**36,000**
Cash and net current assets	**4,934**	—	—	**4,934**
	4,934	**385,100**	**57,048**	**447,082**

	2019			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Equity instrument – UK	30,063	—	—	30,063
Equity instrument – Overseas	30,062	—	—	30,062
Liability driven investments	—	215,619	—	215,619
Debt instruments	—	97,902	—	97,902
Property	—	—	28,993	28,993
Diversified growth fund	—	29,622	—	29,622
Cash and net current assets	—	14,450	—	14,450
	60,125	357,593	28,993	446,711

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

	Re-measurement (losses)/gains financial assumptions	Re-measurement (losses)/gains demographic assumptions	Experience (losses)/ gains on assets €'000	Experience (losses)/ gains on liabilities €'000	Total
	€'000	€'000	€'000	€'000	€'000
2020					
VPP	**(7,417)**	**(1,380)**	**(3,431)**	**(1,305)**	**(13,533)**
Other schemes	**(2)**	**(10)**	—	**387**	**375**
Total	**(7,419)**	**(1,390)**	**(3,431)**	**(918)**	**(13,158)**
2019					
VPP	(92,711)	4,007	70,213	(302)	(18,793)
Other schemes	(571)	39	—	20	(512)
Total	(93,282)	4,046	70,213	(282)	(19,305)

Description of any funding arrangements and funding policy that would affect future contributions:
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the VPP which has been signed off was carried out by a qualified actuary as at 30 September 2017 and showed a deficit of €36.1 million. The Company is paying deficit contributions of €4.5 million per annum which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 30 September 2027. The next funding valuation as of 30 September 2020 is in process with an expected sign off by 31 December 2021, at which point progress towards full-funding will be reviewed. The Company also pays contributions of €0.4 million per month to meet the cost of benefits accrued by active members.

In January 2020, an additional pension contribution of €9.0 million was paid by the Company to the pension scheme in light of the context of the Company's recent dividend payment as well as intention to enter into a Capital Management Plan, which would provide for more regular future dividend payments.

The Company's best estimate of contributions to be paid over the following year is €18.0 million, which is based on the Schedule of Contributions currently in force as well as the Company's payments in fiscal year 2020.

The VPP duration is an indicator of the weighted-average time until benefit payments are made. For the VPP as a whole, the duration was around 24 years at 30 September 2017. This remains broadly similar as at 30 September 2020.

20. Retirement benefit obligation *continued*

Expected future benefit payments:

	€'000
2021	5,964
2022	6,128
2023	6,297
2024	6,470
2025	6,648
2026-30	36,090

Expected amounts to be recognised through the income statement in fiscal year 2021 in respect of these defined benefit schemes are as follows:

	2021		
	VPP €'000	Other schemes €'000 €'000	Total
Current service cost	3,471	487	3,958
Net interest cost on net defined benefit liability	462	72	534
Past service costs	—	31	31
	3,933	590	4,523

21. Provisions

Provisions held as at 30 September 2020:

	2020			
	Asset retirement obligation €'000	Indirect taxes €'000	Retailer and other €'000	Total €'000
At 30 September 2019	7,290	5,006	56,257	68,553
Additional provision in the year	354	5,607	5,943	11,904
Unwinding of discount	(339)	—	—	(339)
Provisions reversed during the year	—		—	—
Exchange difference	(285)	39	(1,315)	(1,561)
At 30 September 2020	7,020	10,652	60,885	78,557

The asset retirement obligation represents a liability to restore the Company's leased buildings to their original condition. The provision is made on a discounted basis over the remainder of the lease. A corresponding asset has been capitalised within land and buildings in property, plant and equipment and is being amortised to the income statement over the term of the lease. The leases expire between October 2021 and December 2028.

Provision for indirect taxes represents the Company's estimate of VAT due on certain amounts, or potentially due, to tax authorities in the Visa Europe region. The Company estimates €7 million to be utilised over the course of the next year, whilst the utilisation date of the remaining €3 million relates to a tax dispute which is uncertain.

The retailer provision in the amount of €61 million, of which €6 million was recognised in the income statement in the current year and the remainder was recognised in the income statement in 2018, represents the Company's best estimate of its liability at 30 September 2020 in relation to the Retailer Litigation. (Refer to Note 28, Legal matters, for further details of the Retailer Litigation, and Note 25, Contingent liabilities.)

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

	2020		2019	
	Number	**€**	Number	€
Issued and fully paid:				
Ordinary shares of €1 each at 30 September	**32,210**	**32,210**	32,210	32,210

Reserves

	Attributable to equity holders of the Company					
	Share capital €'000	Share premium €'000	Cash flow hedging reserve €'000	Retained earnings €'000	Contribution reserve €'000	Total €'000
At 30 September 2018	32	60,903	2,638	2,360,844	124,545	2,548,962
Adjustment on initial application of IFRS 15, net of tax	—	—	—	273,037	—	273,037
Net losses arising on hedging derivatives, net of losses transferred from other comprehensive income and net of tax	—	—	(3,687)	—	—	(3,687)
Dividend paid to parent	—	—	—	(998,117)	—	(998,117)
Equity settled share based payment transactions	—	—	—	—	23,314	23,314
Profit after tax	—	—	—	1,647,069	—	1,647,069
Remeasurement losses on defined benefit pension schemes, net of tax	—	—	—	(13,418)	—	(13,418)
Total recognised income and expense	—	—	(3,687)	908,571	23,314	928,198
At 30 September 2019	32	60,903	(1,049)	3,269,415	147,859	3,477,160
Net gains arising on hedging derivatives, net of gains transferred from other comprehensive income and net of tax	—	—	**16,825**	—	—	**16,825**
Dividend paid to parent	—	—	—	**(735,957)**	—	**(735,957)**
Equity settled share-based payment transactions	—	—	—	—	**28,624**	**28,624**
Profit after tax	—	—	—	**1,324,230**	—	**1,324,230**
Remeasurement losses on defined benefit pension schemes, net of tax	—	—	—	**(5,143)**	—	**(5,143)**
Transfer of reserves as a result of transactions with subsidiary	—	—	—	**(3,672)**	—	**(3,672)**
Total recognised income and expense	—	—	**16,825**	**579,458**	**28,624**	**624,907**
At 30 September 2020	**32**	**60,903**	**15,776**	**3,848,873**	**176,483**	**4,102,067**

Share premium
In December 2016, Visa Inc. subscribed to an additional 100 shares of Visa Europe for an aggregate subscription price of €60,903,000.

Contribution reserve
In February 2017, Visa Inc. completed a reorganisation of certain legal entities to align its corporate structure to the geographic jurisdictions in which it conducts business. As a result, Visa Inc. contributed its shareholding in Visa Europe to Visa International Holdings Inc., which is incorporated in the United States of America. Subsequently, also in connection with the reorganisation, Visa International Holdings Inc. sold its shareholdings in Visa Europe to Visa International Holdings Limited, a UK limited company. Both Visa International Holdings Limited and Visa Europe are indirect wholly-owned subsidiaries of Visa Inc. The reorganisation resulted in a capital contribution of €106,000,000 from Visa International Holdings Limited.

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

Retained earnings
In September 2020, the Company paid a cash dividend to its immediate parent Visa International Holdings Limited in the amount of €736 million (2019: €998 million).

The Company's profit on ordinary activities after taxation was €1,324 million (2019: €1,647 million).

23. Financial risk management

Overview
The Company has exposure to the following risks arising from financial instruments:
- Settlement risk
- Credit risk
- Liquidity risk
- Market risk
- Other price risk

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

Risk management framework
The Europe Risk Committee determines the Company's attitude to risk and risk appetite. These are then endorsed by the Board Risk Committee of the Visa Europe Board. The Board Risk Committee also endorses the tolerance and capacity for the various risk categories and makes policy decisions about future controls.

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

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

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

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

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

Settlement risk
Settlement risk is the risk that a client is unable to meet its obligations to the Company as and when they fall due. The Company employs a specialist credit settlement risk management team that is responsible for monitoring the credit risk related to each member that participates in the Visa system. This is done by regularly assessing each principal member's financial health and evaluating their ability to respond if such a risk crystallises. The exposure to each member is also assessed based on issuing and acquiring volumes.

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

23. Financial risk management *continued*

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's receivable customers, banks and derivative counterparties. The Company measures and monitors its level of loss absorbing capital relative to the credit risk exposure generated by the participant with the largest settlement exposure. Following designation under UK Settlement Finality Regulation in September 2020, settlement exposure is measured on a net basis. Visa Europe aims to hold sufficient net liquid assets funded by equity to absorb the potential losses arising from the disorderly failure of its single largest participant. In addition to this, loss absorbing capital is held to cover potential general business losses. As at September 30, 2020, this amount stood at €481 million, and is based on requirements set out within the Company's Capital Management & Dividend Policy. The Company reports its financial resources position to the Bank of England regularly.

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Company is unable to meet settlement obligations to acquiring banks due to failure of an issuing bank to pay.
To mitigate this risk, it is the Company's policy that sufficient liquidity must be available same-day in the amount equivalent to or greater than that represented by the participant with the largest net settlement exposure on any given day.

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

In addition to the Company's own liquid investments, back-up liquidity facilities arranged by Visa Inc. are in place with a syndicate consisting of high credit quality financial institutions and available to Visa Europe.

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

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

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

Managing interest rate benchmark reform and associate risks
A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ' IBOR reform'). Visa Europe has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition. The Company has not yet completed its assessment of the impact that the IBOR reform will have on its risk management and hedge accounting.

Other price risk
The defined benefit pension scheme is additionally exposed to equity price risk and this indirectly affects the Company.

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

As set out within the Policy, Visa Europe's objectives are
a. To ensure that the Company maintains sufficient capital to cover the risks the business undertakes;
b. Support its strategic objectives; and
c. To comply at all times with regulatory requirements.

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

The amount required to support this is defined by Visa Europe's risk appetite and includes a provision to cover both client credit risk and general business risk as set out above. Visa Europe's risk appetite is approved by the Visa Europe Board.

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

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

As at 30 September 2020, the calculated net liquid assets stood at €3.9 billion (2019: €3.4 billion), with dividends of €0.7 billion (2019: €1.0 billion) paid to Visa Europe's shareholder during the financial year. Visa Europe does not have any debt.

24. Financial instruments

Settlement risk

Settlement risk is the risk that a client is unable to meet its obligations to the Company as and when they fall due. Daily settlements volumes averaged approximately €4.4 billion (2019: €4.5 billion). To guard against any potential losses that may arise, the Company obtains financial safeguards from clients where it is deemed appropriate. This is based on board-approved guidelines and generally includes cash equivalents, letters of credit and guarantees.

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

	2020	2019
	€ million	€ million
Cash	**444.0**	355.0
Letters of credit	**182.0**	188.9
Guarantees	**162.0**	69.4
Total	**788.0**	613.3

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

The Bank of England, in its capacity as the designating authority under the terms of the Financial Markets and Insolvency Regulations 1999 (as amended), granted the Company designation under the UK Settlement Finality Regulation with effect from 23 September 2020. This designation provides the Company legal protection from netting of client settlement positions being unwound in an insolvency event and therefore settlement receivable and settlement payable positions with clients are presented in the Statement of Financial Position on a net basis from the date of the designation. Refer to Note 16, Trade and other receivables, and Note 18, Trade and other payables.

Credit risk

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

	2020	2019
	€ million	€ million
Financial assets held at fair value	**26.3**	0.8
Trade and other receivables	**1,552.0**	4,130.0
Cash, net of overdraft	**5,167.0**	4,348.0
	6,745.3	8,478.8

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

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

90% of the Company's cash balance is held in "AAA" rated short-term Money Market Funds, 8.7% held at the Bank of England, with the remaining amount spread between a number of commercial banks. These diversified pooled investment funds invest in high-quality, short-term debt instruments and allow same-day access to cash if required.

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

24. Financial instruments *continued*

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

S&P Ratings less than one year	**2020 € million**	**2019 € million**
A1+	—	5.1
A1	**5.4**	11
A2	**9.8**	5.1
	15.2	21.2

Liquidity risk

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

Maturity analysis

The following tables show the Company's contractual maturities of financial assets and liabilities, including estimated interest payments. Where appropriate, values have been presented on a contractual cash flow basis.

30 September 2020	Less than 7 days € million	7 to 30 days € million	31 to 90 days € million	91 plus days € million	Contractual cash flow € million	Total € million
Non-derivative financial liabilities:						
Trade payables	**(1,206.0)**	—	—	—	**1,206.0**	**(1,206.0)**
Derivative financial liabilities:						
Foreign exchange forward contracts	—	**(5)**	**(2)**	**(4.2)**	**11.2**	**(11.2)**
Total financial liabilities	**(1,206.0)**	**(5)**	**(2)**	**(4.2)**	**1,217.2**	**(1,217.2)**
Non-derivative financial assets:						
Cash and cash equivalents, net of overdraft	**5,167.0**	—	—	—	**(5,167.0)**	**5,167.0**
Trade receivables	**985.0**	—	—	—	**(985.0)**	**985.0**
Derivative financial assets:						
Foreign exchange forward contracts	—	**9.2**	**4.7**	**12.5**	**(26.4)**	**26.4**
Total financial assets	**6,152.0**	**9.2**	**4.7**	**12.5**	**(6,178.4)**	**6,178.4**
Total liquidity risk	**4,946.0**	**4.2**	**2.7**	**8.3**	**(4,961.2)**	**4,961.2**

30 September 2019	Less than 7 days € million	7 to 30 days € million	31 to 90 days € million	91 plus days € million	Contractual cash flow € million	Total € million
Non-derivative financial liabilities:						
Trade payables	(3,456.0)	—	—	—	3,456.0	(3,456.0)
Derivative financial liabilities:						
Foreign exchange forward contracts	—	(7.6)	(6.6)	(7.8)	22	(22)
Total financial liabilities	(3,456)	(7.6)	(6.6)	(7.8)	3,478	(3,478.0)
Non-derivative financial assets:						
Cash and cash equivalents	4,348.0	—	—	—	(4,348.0)	4,348.0
Trade receivables	2,485.0	—	—	—	(2,485.0)	2,485.0
Derivative financial assets:						
Foreign exchange forward contracts	—	—	—	0.8	(0.8)	0.8
Total financial assets	6,833.0	—	—	0.8	(6,833.8)	6,833.8
Total liquidity risk	3,377.0	(7.6)	(6.6)	(7)	(3,355.8)	3,355.8

24. Financial instruments *continued*

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

30 September 2020	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	**(211.7)**	**(22.2)**	—	—	**(233.9)**
US Dollar	**(632.1)**	—	—	—	**(632.1)**
Other	**(19.3)**	**(5.6)**	—	—	**(24.9)**
Total	**(863.1)**	**(27.8)**	—	—	**(890.9)**

30 September 2019	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	(525.1)	(67.4)	—	—	(592.5)
US Dollar	(256.2)	—	—	—	(256.2)
Other	(30)	(27.4)	—	—	(57.4)
Total	(811.3)	(94.8)	—	—	(906.1)

The following table indicates the periods in which the maturities associated with cash flow hedges outstanding at 30 *September 2020 and 2019 are expected to impact the income statement.*

30 September 2020	6 months or less € million	6-12 months € million	1-3 years € million	than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	**(6)**	**(22.2)**	—	—	**(28.2)**
US Dollar	—	—	—	—	—
Other	**(19.3)**	**(5.6)**	—	—	**(24.9)**
Total	**(25.3)**	**(27.8)**	—	—	**(53.1)**

30 September 2019	6 months or less € million	6-12 months € million	1-3 years € million	than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	(32.3)	(67.4)	—	—	(99.7)
US Dollar	—	—	—	—	—
Other	(30.0)	(27.4)	—	—	(57.4)
Total	(62.3)	(94.8)	—	—	(157.1)

24. Financial instruments *continued*

The following table shows the fair values of the Company's derivative financial instruments held at 30 September 2020 and 2019:

30 September 2020	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	**5.8**	**0.3**	**—**	**—**	**6.1**
US Dollar	**1.9**	**—**	**—**	**—**	**1.9**
Other	**6.8**	**0.4**	**—**	**—**	**7.2**
Total	**14.5**	**0.7**	**—**	**—**	**15.2**

30 September 2019	6 months or less € million	6-12 months € million	1-3 years € million	Greater than 3 years € million	Total € million
Foreign exchange forward contracts					
Sterling	(8.4)	(0.6)	—	—	(9.0)
US Dollar	(3.0)	—	—	—	(3.0)
Other	(5.4)	(3.8)	—	—	(9.2)
Total	(16.8)	(4.4)	—	—	(21.2)

Forecast data for liabilities which may be incurred in the future is not included in the table above. Amounts in foreign currency were translated at the closing rate at the reporting date. The variable payments arising from the financial instruments were calculated based on the forward interest rate yield curve at 30 September 2020 and 2019. Interest on interest rate swaps includes the paid and received amounts as interest is settled on a net basis. Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period.

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

Visa Europe is a designated borrower, along with Visa Inc. and other related entities, of a shared, stand-by credit facility that Visa Europe can access to meet liquidity needs, if required. The total facility of $5.0 billion was committed to the Visa Inc Group, including Visa Europe. As of 30 September 2020, Visa Europe had a nil draw on the credit facility (2019: nil).

Market risk

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

Interest rate risks

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

The following table shows deposits held:

	2020	2019
	Carrying amount € million	Carrying amount € million
Financial assets		
Amounts owing from counterparties under various deposit arrangements at various interest rates	**5,130.0**	4,288.0
Total	**5,130.0**	4,288.0

Currency risk

Hedge accounting

As described above, the Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. To hedge these exposures, the Company uses foreign exchange forward contracts and interest rate swaps which are designated as cash flow hedges. As at the end of September 2020 the Company had no cash flow hedge designated interest rate swaps. The Company does not use derivative financial instruments for speculative purposes. The Company's derivative financial instruments and hedge accounting policy is disclosed in Note 2.

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

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

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

	2020		2019	
	Assets € million	Liabilities € million	Assets € million	Liabilities € million
Designated in a qualifying hedging relationship				
Foreign exchange forward contracts				
Sterling	**7.6**	**(1.3)**	0.8	(1.1)
US Dollar	**—**	**—**	—	—
Other	**12.4**	**(5.2)**	—	(9.2)
Total	**20.0**	**(6.5)**	0.8	(10.3)
Not designated in a qualifying hedging relationship				
Foreign exchange forward contracts				
Sterling	**1.0**	**(1.3)**	—	(8.7)
US Dollar	**5.3**	**(3.4)**	—	(3)
Other	**—**	**—**	—	—
Total	**6.3**	**(4.7)**	—	(11.7)

Sensitivity analysis on foreign exchange risk

Residual risk after hedging is assessed using sensitivity analysis.

The Company has an element of non-Euro settlement exposure by retaining liquid investments and accounts receivable values denominated in foreign currency. The balance sheet assets have been hedged using a combination of natural hedging and currency forwards. The risk is evaluated by the impact of a hypothetical 10% currency shift. The impact of a 10% currency shift on net exposure at year-end was €3.2 million (2019: €17.3 million). A significant strengthening of the US Dollar or Sterling against the Euro will thus negatively affect the Company's results. The Company assesses the risk by evaluating the impact of a hypothetical 10% currency shift in the net underlying exposure on a monthly basis. At year-end 2020, a 10% strengthening of both the US Dollar and Sterling against the Euro would adversely affect the cash flow by €16.3 million (2019: €9.9 million).

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

The split of cash, trade receivables and trade payables by currency for the years ended 2020 and 2019 were as follows:

	Cash				Trade receivables				Trade payables			
	2020		2019		2020		2019		2020		2019	
Currency	€ m	%	€ m	%	€ m	%	€ m	%	€ m	%	€ m	%
US Dollar	**878**	**17**	131	3	**763**	**39**	152	6	**1,159**	**38**	612	18
Euro	**3,824**	**74**	3,739	86	**1,076**	**55**	805	32	**1,738**	**57**	1;217	35
Sterling	**465**	**9**	478	11	**117**	**6**	786	32	**152**	**5**	729	21
Other	**—**	**—**	—	—	**—**	**—**	742	30	**—**	**—**	898	26
	5,167	**100**	4,348	100	**1,956**	**100**	2,485	100	**3,049**	**100**	3,456	100

The split of revenue and administrative expenses by currency for the years 2020 and 2019 were as follows:

	Revenue				Administrative expenses[1]			
	2020		2019		**2020**		2019	
Currency	**€ m**	%	€ m	%	**€ m**	%	€ m	%
US Dollar	**641**	**21**	725	22	**484**	**36**	298	23
Euro	**1,161**	**38**	1,375	41	**269**	**20**	325	25
Sterling	**703**	**23**	770	23	**470**	**35**	634	50
Other	**550**	**18**	458	14	**121**	**9**	20	2
	3,055	**100**	3,328	100	**1,344**	**100**	1,277	100

(1) Administrative expenses excludes foreign exchange net loss of €107 million (2019: €35 million gain).

The uncertainty created by the Brexit process has led to elevated volatility for Sterling currency pairs although for Euro based pairs, volatility has declined. This affects the revaluation impact on the Income Statement arising from un-hedged net balance sheet exposures. Throughout the year currency volatility did not materially impact the Income Statement as unhedged exposures were maintained at low levels. Implied volatility remains elevated for Sterling based currency pairs and close scrutiny will continue. Currency rate fluctuations also affect the impact that future anticipated Sterling cash flows have on the Income Statement however this has been hedged by placing currency forwards with up to 12 months maturity.

Fair values

The Company uses quoted prices (unadjusted) in active markets to determine the fair values of identical assets or liabilities. The fair value of the financial assets and liabilities is equal to the carrying amount.

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

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

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

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

30 September 2020	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Derivative financial assets:				
Currency derivatives	—	**26.3**	—	**26.3**
	—	**26.3**	—	**26.3**
Derivative financial liabilities:				
Currency derivatives	—	**(11.1)**	—	**(11.1)**
	—	**(11.1)**	—	**(11.1)**

30 September 2019	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Derivative financial assets:				
Currency derivatives	—	0.8	—	0.8
	—	0.8	—	0.8
Derivative financial liabilities:				
Currency derivatives	—	(22.0)	—	(22.0)
	—	(22.0)	—	(22.0)

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

Interest rates used for determining fair value

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

	2020	2019
Derivative contracts	**0.22% to 2.09%**	**2.09% to 2.82%**

Accounting Classification

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

30 September 2020	Fair Value through P&L (FVTPL) € million	Financial assets/(liabilities) at amortised cost € million	Total € million
Financial assets:			
Cash and cash equivalents	—	**5,167.0**	**5,167.0**
Trade and other receivables	—	**1,552.0**	**1,552.0**
Currency derivatives	**26.3**	—	**26.3**
Total	**26.3**	**6,719.0**	**6,745.3**
Financial liabilities:			
Trade and other payables	—	**(2,786.0)**	**(2,786.0)**
Currency derivatives	**(11.1)**	—	**(11.1)**
Total	**(11.1)**	**(2,786.0)**	**(2,797.1)**

30 September 2019	Fair Value through P&L (FVTPL) € million	Financial assets/(liabilities) at amortised cost € million	Total € million
Financial assets:			
Cash and cash equivalents	—	4,348	4,348
Trade and other receivables	—	4,130	4,130
Currency derivatives	0.8	—	0.8
Total	0.8	8,478	8,478.8
Financial liabilities:			
Trade and other payables	—	(4,335)	(4,335)
Currency derivatives	(22.0)	—	(22)
Total	(22.0)	(4,335)	(4,357)

25. Contingent liabilities

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

UK and Ireland Retailer claims

The Company may be exposed to possible obligations with other individual merchants related to multilateral interchange fees (MIFs) that although would be separate to the Retailer Litigation case that is subject to the CAT hearing (refer to Note 28 - Legal matters), may still be relevant to the underlying case. The full scope of potential damages is not yet known because the claims are at a very early stage (and in many cases have not even yet been particularised) and the Company has substantial defences. However, the claims that have been issued, served and/or preserved seek several billion euros in damages.

Europe claims

On 13 December 2019, Euronet 360 Finance Limited, Euronet Polska Spółka z.o.o., Euronet Services spol. S.r.o. and Euronet Card Services S.A. ("Euronet") served a claim in the UK alleging that certain rules affecting ATM access fees in Poland, the Czech Republic and Greece by Visa Inc. and Mastercard Incorporated, and certain of their subsidiaries, which included Visa Europe, breach various competition laws. Visa served its defence to the claim on 24 April 2020, and a Case Management Conference, to determine next steps in the case, took place on 18 October 2020. A trial date is likely to be set for May 2023. Euronet seeks damages, costs, and injunctive relief to prevent the defendants from enforcing the aforementioned rule. The Company is of the view that it is possible that there will be an outflow of economic benefit.

On 6 December 2019, LitFin, a Czech litigation funder, brought interchange fee claims on behalf of Czech and Slovak merchants against a number of Visa entities including Visa Europe, as well as MasterCard, before a Belgian court. LitFin claims that the interchange fees applied by Visa and Mastercard in the Czech Republic and Slovakia from 2000 to 2015 were in breach of various competition laws within the EU internal market. LitFin is seeking damages for the fees paid by the merchants above the levels referred to in the EU Interchange Fee Regulation during this period. Visa responded to the claim on 26 October 2020 and the parties will exchange further trial briefs until a case management hearing scheduled for 16 September 2021.

On 4 December 2020, Visa was informed by LitFin's counsel that LitFin will summon the same Visa (and Mastercard) entities before the same Belgian court on behalf of other merchants from Belgium, Luxembourg, Slovenia, Hungary, Croatia, Romania, the Czech Republic and Slovakia. The new writ of summons, and its supportive argumentation, are almost identical as the one filed in the first proceedings initiated on 6 December 2019. The first case management hearing of the case is scheduled for 6 May 2021. These second proceedings may be consolidated with the first proceedings. The Company is of the view that it is possible that there will be an outflow of economic benefit associated with the LitFin proceedings.

On 6 November 2019, a Polish petrol retailer, Orlen, brought an interchange fee claim before a Polish court and subsequently on 31 January 2020, a claim was brought by Super-Pharm. Visa's defences in these cases were served on 23 July 2020 and 22 October 2020, respectively. A further claim was brought by AmRest on 26 June 2020 and Visa's defence to this claim was submitted to the court on 8 January 2021. Finally, a claim has been brought by EURO-net (a different company to Euronet referred to above), which was served on 4 February 2021. Visa's Defence in relation to the EURO-net claim is due on 8 March 2021. (Collectively these claims are referred to as "Poland litigation".) The Company is of the view that it is possible that there will be an outflow of economic benefit associated with the Poland litigation.

In December 2020 and January 2021, Visa was served with lawsuits in relation to direct access fees (DAFs) by three German savings banks (OstseeSparkasse Rostock, Sparkasse Hegau-Bodensee, Sparkasse Scheeßel) and three German cooperative banks (Volksbank Braunschweig Wolfsburg, Volksbank Karlsruhe, Volksbank Köln Bonn) filed before the German courts. The claimants are all represented by the same German law firm and have filed virtually identical statements of claim, which are aimed at seeking relief to: (i) allow the claimants to introduce DAFs for credit cards; and (ii) declare that the DAF ban in the Visa Rules for credit cards violates German competition law. The claimants do not seek monetary compensation but could amend their claims in this regard at a later stage. Visa is currently preparing its statements of defence and has received, or applied for, generous extensions of the respective deadlines until July/August 2021.

On 23 December 2020, 275 banks filed a request for 'conciliation' proceedings, again represented by the same German law firm, to suspend the limitation period for alleged antitrust damage claims for the year 2015 in relation to Visa's ban on DAFs. The next step for the Company is to answer if it wants to enter into these conciliation proceedings, after which the banks have six months to file a lawsuit to preserve their 2015 claims, whilst lawsuits for a later time period remain a possibility. (Collectively these proceedings together with the lawsuits described above are referred to as the "German DAF Proceedings".) The Company is of the view that it is possible that there will be an outflow of economic benefit associated with the German DAF Proceedings.

The full scope of potential damages and outflow of economic benefit related to the Europe claims is not yet known because the claims are at a very early stage and the Company has substantial defences. However, the claims that have been issued, served and/or preserved seek less than a billion euros in damages. The timing of any potential outflows is uncertain at this stage.

Please see Note 28—Legal matters for discussion of other pending claims against Visa Europe.

26. Leases

The Company as lessee (IFRS 16)

The Company leases its office properties. The leases typically run for an average term of nine years, with an option to renew the lease after that date and lease payments are renegotiated to reflect market rentals. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments under the Company's lease arrangements are generally fixed. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

A portion of one of the leased properties is sub-let by the Company. The sub-leases expire in December 2022.

During 2020, the Company also leased residential property for certain expatriate employees. The leases typically run for a term of one to three years. Prior to 2020, these leases were borne by another entity within the Visa Group.

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

Right-of-use assets

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

	2020		
	Office property	Residential property	Total
	€'000		
Balance at 1 October 2019	87,812	—	87,812
Depreciation charge for the year	(10,740)	(1,147)	(11,887)
Additions to right-of-use assets	16,401	2,060	18,461
Balance at 30 September 2020	93,473	913	94,386

Amounts recognised in profit or loss

	2020 €'000
2020 - Leases under IFRS 16:	
Depreciation of right-of-use assets presented in 'Other administrative expense'	(11,887)
Interest on lease liabilities presented in 'Net finance (expense)/income'	(2,763)
Income from sub-leasing right-of-use assets presented in 'Other operating income'	1,112

	2019 €'000
2019 - Operating leases under IAS 17:	
Lease expense presented in 'Other administrative expense'	(27,374)
Sub-lease income presented in 'Other operating income'	1,948

Amounts recognised in statement of cash flows

	2020 **€'000**
Total cash outflow for leases:	
Payment of lease liabilities-principal	6,550
Payment of lease liabilities-interest	2,751
	9,301

26. Leases *continued*

Lease liabilities

At 30 September 2020, the present value of future minimum lease payments was as follows:

	2020 €'000
2021	10,263
2022	15,012
2023	14,757
2024	14,197
2025	13,695
Thereafter	45,043
Total undiscounted lease payments	112,967
Less: interest	(11,556)
Present value of lease liabilities	101,411

Current portion of lease liabilities presented in 'Trade and other payables'	10,724
Non-current portion of lease liabilities presented in 'Other liabilities'	90,687
Present value of lease liabilities	101,411

At 30 September 2020 the Company did not have any leases that had not yet commenced but to which the Company is committed.

Extension options

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

The Company as lessor

The Company sub-leases out a portion of one of its office property leases. The Company has classified these sub-leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Property rental income earned during the year was €1.1 million (2019: €1.9 million).

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

2020 - Operating sub-leases under IFRS 16	2020 €'000
Within one year	315
One to two years	315
Two to three years	79
Three to four years	—
Four to five years	—
More than five years	—
	709

2019 - Operating sub-leases under IAS 17	2019 €'000
Within one year	1,041
In the second to fifth years inclusive	2,321
More than five years	—
	3,362

27. Related party transactions

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

These services include intra-regional transaction fees and other information technology related services. The total intercompany revenue earned by the Company from Visa Inc., for the year was €0.5 million (2019: €2.5 million)

In addition, the Company incurred intercompany expenses of €396.5 million (2019: €263.7 million) under the Framework Agreement with Visa Inc. for the full year. The expenses are comprised of license fees, management fees and royalties, as well as fees related to information technology and network infrastructure, which were higher in the current year due to an increase in technology development costs.

The Company incurs an intercompany management fee through the provision of various services from Visa Europe Services LLC, the Company's subsidiary. These services include the provision of administrative and marketing support services from Visa Europe Services LLC.

The total intercompany management fee incurred by the Company with Visa Europe Services LLC for the year was €32.6 million (2019: €36.3 million).

The Company also incurs an intercompany management fee through the provision of administrative and marketing support services from Visa Europe Management Services Limited, the Company's subsidiary. The total intercompany management fee incurred by the Company with Visa Europe Management Services Limited for the year was €93.9 million (2019: €80.1 million).

In September 2020, the Company paid a cash dividend to its immediate parent Visa International Holdings Limited in the amount of €736 million (2019: €998 million).

At 30 September 2020, the Company's trade and other receivables falling due within one year include the following net amounts due from Visa Inc. and other Visa Group entities and the Company's trade and other payables falling due within one year include the following net amounts due to Visa Inc. and other Visa Group entities and net amounts due to the Company's subsidiaries:

	2020 **€'000**
Visa Inc.	**375,166**
Other Visa Group entities	**15,854**
Net amounts owed by related parties (see Note 16)	**391,020**
Visa Inc. and other Visa Group entities	**(303,416)**
Company's subsidiaries	**(495,989)**
Net amounts owed to related parties (see Note 18)	**(799,405)**

Visa Europe's Broader Leadership Team are considered to be key management personnel. Disclosure of their remuneration is shown below.

	2020 **€'000**	2019 €'000
Short-term employee benefits	**9,097**	12,641
Share-based payment	**7,101**	6,828
Retirement benefits	**509**	550
Other long-term benefits	**253**	15
	16,960	20,034

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

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

Overall Parent Company

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

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

28. Legal matters

Retailer Litigation

During 2013, certain UK and Irish retailers issued proceedings against Visa Europe claiming for losses suffered in respect of alleged breaches of EU, EEA and UK (and in some cases Irish) competition law. Further retailers have brought similar proceedings since. The courts decided first on questions of time limitation: In October 2014 the English High Court struck out those elements of the claim that were out of time (i.e. in relation to the period preceding the six years before the claims were brought). The retailers' appeals were ultimately unsuccessful. In principle, this judgment on limitation issues will apply to all current and future related claims which concern domestic and intra-EEA MIFs on UK transactions. In other words, claimants can only claim damages for the six years prior to issuing their claim.

A trial in relation to certain of these claims commenced in November 2016 and ended in March 2017. Three retailers settled before the trial started, and a further twelve settled during the course of the trial. Judgment was handed down in relation to the one remaining merchant claim involving Sainsbury's on 30 November 2017, with the Court finding that Visa's domestic UK interchange fees did not restrict UK and EU competition law, leading it to reject Sainsbury's claim in its entirety. A further judgment by the same court, which was considered on the hypothetical question of what a lawful level of interchange would have been in the event that a restriction of competition had been found, was handed down on 23 February 2018.

A separate case against MasterCard (which did not involve Visa) was determined at first instance before the UK Competition Appeal Tribunal in July 2016. In a further case, in January 2017 the English High Court ruled in favour of MasterCard and found that other than in respect of a brief period covered by a negative European Commission decision against MasterCard, its interchange was set lawfully at all times.

Therefore, at that stage in the litigation history, there were four judgments from three courts/tribunals in relation to Visa and Mastercard with inconsistent outcomes.

The Court of Appeal therefore agreed to hear an appeal of all of these cases at the same time in April 2018. The Court of Appeal handed down its judgment on 4 July 2018, and overturned the lower court's rulings in relation to Visa of November 2017 and February 2018, concluding that Visa's UK domestic interchange fees restricted competition and that the question of exemption under applicable law (i.e. the determination of the lawful level of interchange) had not been adequately dealt with. It also overturned the two previous MasterCard judgments, and decided to remit the cases to the Competition Appeal Tribunal (CAT) in order to reconsider the lawful level of interchange on the basis of the evidence put forward at the original trials. In light of the Court of Appeal ruling, the Company assessed it to be probable that an outflow of economic resource will occur and therefore a provision has been recognised. It has been calculated that the potential provision ranges between €0 million and €122 million. The low point of the range has been determined on the basis that if liability against Visa is found, the claimant might not be able to establish that it has suffered any loss. The high point of the range has been calculated by reference to the concession made by the claimant (Sainsbury's had conceded a lawful level of interchange of 19 bps for domestic consumer credit and 20 bps for domestic consumer debit, which eliminated a large proportion of the original claim). The Company have assessed that this is a continuous range of possible outcomes with each point in the range being equally likely. As a result, in the current year the Company recognised a provision of €6 million and combined with the provision recognised in 2018, the total provision as of 30 September 2020 is at the midpoint of the range which equates to €61 million.

In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment. The appeal was heard on 20-23 January 2020 and judgment was handed down on 17 June 2020. The judgment rejected Visa's appeals in relation to whether its UK interchange fee was a restriction of competition, as well as two questions relating to the standard of proof required to show that interchange was lawful. The Supreme Court directed that (i) the remittal to the CAT on the lawful level of interchange should proceed, and (ii) once the lawful level has been determined, there should (if necessary) be a further hearing to determine the quantum of any damages owed by Visa to Sainsbury's. Visa's potential liability is capped as a result of the concession made by the claimant when Sainsbury's accepted 19 and 20 bps (as set out above) as the lawful levels of interchange fees, which is not subject to appeal. The Supreme Court also ruled that Sainsbury's is subject to a heavy evidentiary burden to demonstrate it has not passed on interchange to its customers.

Since the Supreme Court made that order, Visa and Sainsbury's have agreed on these levels as lawful for the purpose of those proceedings only. The Sainsbury's proceedings are therefore moving straight to a quantum trial which, it was determined at a case management conference on 16 December 2020, is likely to begin in June 2022. Since the Supreme Court has ruled in Visa's favour in relation to the pass-on defence, Visa expects that it could be difficult for Sainsbury's to demonstrate that they have not passed on a large proportion of their alleged damages to their customers. In addition, any specific benefits that Sainsbury's (or any other claimant) derived from interchange would need to be deducted from their claim.

In addition, a substantial number of merchants have threatened to commence, or have issued, similar proceedings and standstill agreements (or similar arrangements) have been entered into with respect to some of those merchants' claims. A large number of these claims have been, or are being, moved to the CAT.

In these cases other than Sainsbury's, the CAT will apply the test for the exemptible level, as well as for pass-through, as set out by the Supreme Court. In these cases, Visa will have an opportunity to put forward new evidence to demonstrate the benefits of interchange to the Court, meaning there is no read-across from the Sainsbury's case to these other cases. The Supreme Court test for pass-through will be equally burdensome for new claimants as it is for Sainsbury's. As a result, a provision has not been recognised in relation to the other retailer claims. (Refer to Note 25-Contingent liabilities.)

Although other Visa Group entities, in addition to Visa Europe, are included as named defendants in the Retailer Litigation, Visa Europe will absorb all losses associated with the claim.

Please see Note 25 — Contingent liabilities for discussion of other pending claims against Visa Europe.

29. Subsequent events

On 16 December 2020, it was determined at a case management conference that the proceedings in relation to the Retailer Litigation, which is moving straight to a quantum trial, is likely to begin in June 2022. See Note 28, Legal matters, for further details of the Retailer Litigation.

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

On 26 October 2020, Visa Europe (Latvia) S.I.A. was formed, which is 100% held by the Company.

The Brexit Transition Agreement concluded on 31 December 2020, and Visa Europe worked to ensure a seamless transition for clients, merchants and consumers for Visa transactions between the UK and the EEA. In March 2021, Visa Europe confirmed that it will be treating transactions between the UK and the EEA as "Intra-Europe non-EEA Transactions" and that interchange rates and Visa fee schedules will be adjusted accordingly beginning in October 2021.

On 24 March 2021, the Company paid a cash dividend in the amount of €1.5 billion to its immediate parent, Visa International Holdings Limited, in line with the Visa Europe Capital Management and Dividend Policy.

Visa Europe office and business information

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1 Sheldon Square
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Tel: +44 (0)20 7937 8111
Fax: +44 (0)20 7937 0877

Company secretary
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London
W2 6TT

Registered office
1 Sheldon Square
London
W2 6TT

Registered number
5139966

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor
Linklaters
1 Silk Street
London
EC2Y 8HQ

Banker
Barclays Bank
1 Churchill Place
London
E14 5HP

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

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

FORM 10-K

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

For the fiscal year ended September 30, 2020

OR

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

For the transition period from to

Commission file number 001-33977

VISA

VISA INC.

(Exact name of Registrant as specified in its charter)

Delaware	**26-0267673**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
P.O. Box 8999 San Francisco, California	**94128-8999**
(Address of principal executive offices)	**(Zip Code)**

(650) 432-3200

(Registrant's telephone number, including area code)

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

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

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

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

(Title of each Class)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

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

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

The aggregate market value of the registrant's class A common stock, par value $0.0001 per share, held by non-affiliates (using the New York Stock Exchange closing price as of March 31, 2020, the last business day of the registrant's most recently completed second fiscal quarter) was approximately $272.7 billion. There is currently no established public trading market for the registrant's class B common stock, par value $0.0001 per share, or the registrant's class C common stock, par value $0.0001 per share.

As of November 13, 2020, there were 1,692,383,762 shares outstanding of the registrant's class A common stock, par value $0.0001 per share, 245,513,385 shares outstanding of the registrant's class B common stock, par value $0.0001 per share, and 10,684,539 shares outstanding of the registrant's class C common stock, par value $0.0001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2021 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year ended September 30, 2020.

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

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

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, the impact on our future financial position, results of operations, and cash flows as a result of the coronavirus ("COVID-19"); prospects, developments, strategies and growth of our business; anticipated expansion of our products in certain countries; industry developments; anticipated 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 *Item 1—Business*, *Item 1A—Risk Factors*, *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this report. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

OVERVIEW

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

Since Visa's inception in 1958, Visa has been in the business of facilitating payments between consumers and businesses. With new ways to pay, we have evolved into a global company that is a Trusted Engine of Commerce, providing payment solutions for everyone, everywhere. We are focused on extending, enhancing and investing in our proprietary network, VisaNet, while seeking new ways to offer products and services and become a single connection point for facilitating any payment transaction, both on the Visa network and beyond.

- **We facilitate secure, reliable and convenient transactions between financial institutions, merchants and consumers.** We traditionally have referred to this as the "four-party" model. As the payments ecosystem continues to evolve, we have broadened this model to include digital banks, wallets and a range of financial technology companies (fintechs), governments and non-governmental organizations. We provide transaction processing services (primarily authorization, clearing and settlement) to our financial institution and merchant clients through VisaNet. During fiscal year 2020, we saw 204 billion payments and cash transactions with Visa's brand, equating to an average of 559 million transactions a day. Of the 204 billion total transactions, 141 billion were processed by Visa.
- **We offer a wide range of Visa-branded payment products** that our 15,400 financial institution clients use to develop and offer core business solutions, including credit, debit, prepaid and cash access programs for individual, business and government account holders. During fiscal year 2020, Visa's total payments and cash volume was $11.3 trillion, and 3.5 billion credentials were available worldwide to be used at nearly 70 million merchant locations.
- **We take an open, partnership approach** and seek to provide value by enabling access to our global network, including offering our technology capabilities through application programming interfaces (APIs). We partner with both traditional and emerging players to innovate and expand the payments ecosystem, allowing them to leverage the resources of our platform to scale and grow their businesses more quickly and effectively. It also creates a more inclusive ecosystem with products that could reach the under and unbanked populations.
- **We are accelerating the migration to digital payments** and evolving Visa to be a "network of networks" to enable the movement of money on VisaNet and beyond. Visa's network of networks approach creates opportunities by facilitating person-to-person (P2P), business-to-consumer (B2C), business-to-business (B2B), business-to-small business (B2b) and government-to-consumer (G2C) payments.
- **We provide value added services** to our clients, including issuer and consumer solutions, merchant and acquirer solutions, fraud management and security services, data solutions, and consulting through Visa Consulting & Analytics.
- **We invest in and promote our brand** to the benefit of our clients and partners through advertising, promotional and sponsorship initiatives with FIFA, the International Olympic Committee, the International Paralympic Committee and the National Football League, among others. We also use these sponsorship assets to showcase our payment innovations.

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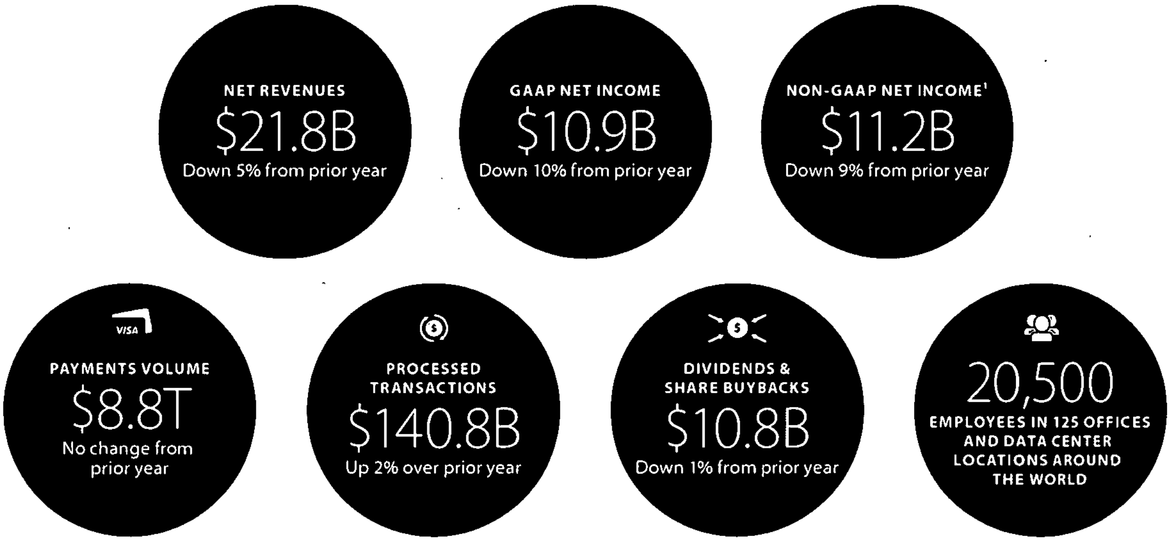
FISCAL YEAR 2020 KEY STATISTICS



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

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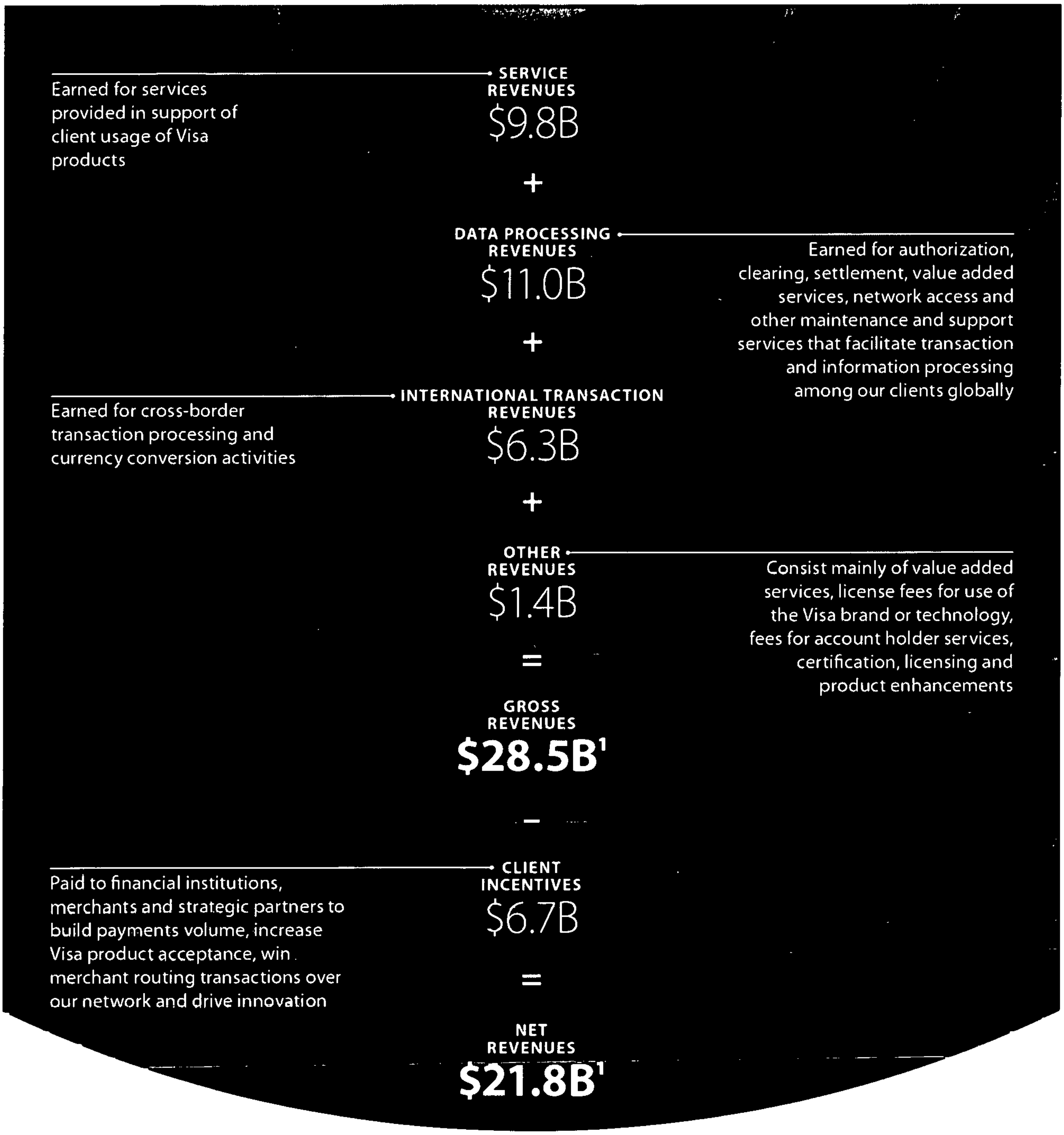
Revenue Details

Net revenues consist of service revenues, data processing revenues, international transaction revenues, and other revenues minus costs incurred under client incentive arrangements. We have one reportable segment, which is Payment Services. Visa earns revenue by facilitating payments across more than 200 countries and territories among a global set of consumers, merchants, financial institutions, businesses, strategic partners and government entities through innovative technologies.



(1)

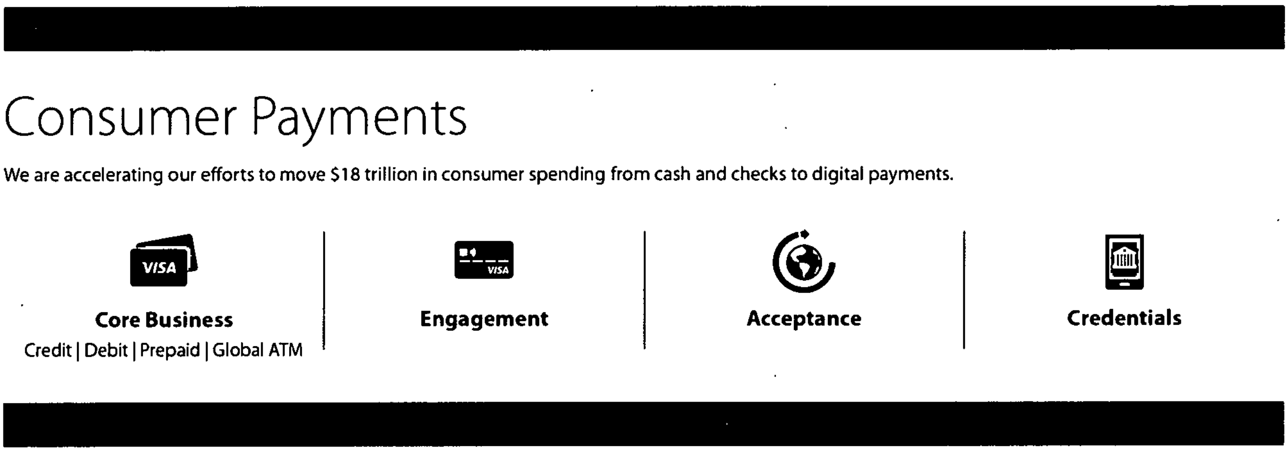
Visa is not a financial institution. We do not issue cards, extend credit, or set rates and fees for account holders of Visa products. That is the role of our financial institution clients. We do not earn revenues from, or bear credit risk with respect to, interest or fees paid by account holders on Visa products. Interchange reimbursement fees represent a transfer of value between the financial institutions participating in our payments network. We administer the collection and remittance of interchange reimbursement fees through the settlement process, but we generally do not receive any revenue related to interchange reimbursement fees. In addition, we do not receive as revenue the fees that merchants are charged directly for acceptance by their acquirers.

ACCELERATING OUR BUSINESS: FISCAL YEAR 2020 KEY FOCUS AREAS

Fiscal year 2020 and COVID-19 have brought unprecedented challenges and widespread economic and social change. At the same time, the past fiscal year demonstrated the strength and resiliency of our strategy and the meaningful role we play at the center of the payments ecosystem. It has also accelerated progress, including accelerating the shift to ecommerce and the demand for contactless payments, providing significant opportunities for Visa that are aligned with our strategy. As we look to be a single point of connection for money movement globally, there are three primary levers to that growth — consumer payments, new flows and value added services. We are also building and acquiring new capabilities that can add value to our clients and strengthen the foundation of our business: technology, security, brand and talent.

1. Consumer Payments

For decades, Visa's growth has been driven by the strength of our core business solutions — credit, debit and prepaid products — as well as our global ATM network. As the pace of change accelerates each year, helped by the advancement of technology and our focus on the user experience in payments for both the face-to-face and ecommerce environments, we see significant opportunity for continued growth. We are accelerating efforts to move approximately $18 trillion in consumer spending still done in cash and check to cards and digital credentials on the Visa network.



Core Business

Credit: Credit cards and digital credentials are issued by Visa's clients and allow consumers and businesses to access credit to pay for goods and services. Credit cards are affiliated with programs operated by financial institution clients, co-brand partners, fintechs and affinity partners. Visa does not extend credit to account holders; however, we provide technology, authorization services, fraud tools and brand support that issuers use to enable their credit programs. We also work with our clients on product design, consumer segmentation and consumer experience design to help them deliver products and services that match their customers' needs.

Debit: Debit cards and digital credentials are issued by financial institutions and allow consumers and small businesses to purchase goods and services using funds held in their bank accounts. Debit cards enable account holders to transact in person, online or via mobile without needing cash or checks and without accessing a line of credit. Visa provides a strong brand, network infrastructure (which includes processing, acceptance, product features and support, risk tools and services) and industry expertise to help issuers optimize their debit offerings.

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

Global ATM: The Visa/PLUS Global ATM network provides account holders with cash access, and other banking capabilities, in more than 200 countries and territories worldwide through issuing and acquiring partnerships with both financial institutions and independent ATM operators.

Engagement

Ecommerce

Ecommerce has evolved since the first online purchase was made on the Visa network more than 25 years ago. In fiscal year 2020, due in part to the COVID-19 pandemic, there was a significant acceleration in the shift away from cash to digital forms of payment. Ecommerce represents only about 14% of global retail spending, so there is still substantial opportunity for ecommerce growth. We are helping to transform the digital checkout experience by adding more security and removing friction with the launch of Visa Click to Pay. Enabled by the EMV® Secure Remote Commerce Specifications, Click to Pay simplifies the checkout experience, eliminating the need for a consumer to enter payment details each time they are paying online. This means greater consistency and fewer steps at checkout, regardless of one's payment choice. Consumers can click to pay with Visa with confidence when they see the Click to Pay icon, a stylized depiction of a fast forward icon, where Visa is accepted. VISA [1]

During fiscal year 2020, Click to Pay went live with select merchants and payment processors and platforms in the U.S., and was enabled in new geographies, including Australia, Canada, China, Colombia, Hong Kong, Malaysia, Mexico, New Zealand, Poland, Qatar, Singapore, South Africa, Ukraine, United Arab Emirates and the United Kingdom.

Tap to Pay

As we seek to improve the user experience in the face-to-face environment, tap to pay, which is tapping a contactless card or mobile device on a terminal to make a payment, has emerged as the preferred way to check out amongst consumers in many markets around the world. Contactless penetration grew to 43% of all face-to-face transactions around the world in fiscal year 2020. In addition, Visa has worked with payments industry partners and governments to support raising contactless payments limits in markets around the world that require cardholder verification on tap to pay transactions. More than 50 markets across Europe, the Middle East, Africa and Canada have taken this step to help more individuals utilize this way to pay in fiscal year 2020.

The U.S. is one of the most significant opportunities for growth in tap to pay. Tap to pay awareness and adoption accelerated in the U.S. this year, and we expect that demand to continue to grow. More than 70% of face-to-face transactions at checkout in the U.S. occur at a merchant that has the ability to accept contactless payments, and more than 80 of the top 100 merchants by transactions are enabled for tap to pay.

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[1] The SRC payment icon is available for use in connection with implementations of the EMV® Secure Remote Commerce Specification.

Acceptance

A key component of how we expand our business focuses on growing access and increasing acceptance of our products around the world. Mobile connectivity, new acceptance devices untethered to landline infrastructure and new partnerships are enabling Visa payments in categories where card acceptance has typically been low, such as rent, parking and vending machines. We accomplish this in a few ways:

Drive new acceptance categories to uncover additional growth. We continue to expand our acceptance footprint in both mature and emerging markets, so that businesses and devices are enabled to send and receive funds via the Visa network in categories such as vending, laundry, gaming, parking, electric vehicle charging, rent and tuition. For example, in emerging markets, while 40% of the national GDP is contributed by small and micro-sellers, fewer than 10% of these sellers currently accept digital payments. In January 2020, Visa announced Tap to Phone technology to help sellers accept digital payments without any additional hardware. This technology allows micro-businesses to use smartphones to accept digital payments instead of a software terminal.

Promote inclusive financial access. According to the World Bank, 1.7 billion adults worldwide still lack access to formal financial services, which means they do not have access to the services that can help facilitate the growth of their economic livelihood. In 2015, Visa made a commitment to provide first-time access to a digital payments account for 500 million people worldwide by 2020 in support of the World Bank's goal of Universal Financial Access. We met this commitment ahead of schedule in 2019. We are continuing this work by supporting women's advancement, small businesses, and the expansion of financial inclusion through programs that support skill development and access to networks and financial services for under and unbanked populations. For example, in June, we announced a global commitment to elevate 50 million small and micro businesses worldwide in an effort to help local businesses in the wake of the COVID-19 pandemic. As part of the global commitment, Visa also formed the Visa Economic Empowerment Institute focused on economic and societal issues, including pandemic challenges small and micro businesses face and closing racial and gender opportunity gaps.

Credentials

Fintech/Open Partnership Model

As the payment ecosystem grows, so too does Visa's partnership model. Fintechs are key enablers of new payment experiences and new flows. Our work with fintechs helps to open new points of acceptance, create new digital banking experiences, move money across borders, embed Visa into B2B flows, speed up payroll and ensure digital wallet customers can access our services.

Fintechs prefer partnering with Visa because of the reach, capabilities, and security Visa offers. Today, Visa has partnered with fintechs across categories including digital wallets, neobanks, "Buy Now, Pay Later", B2B payments, cross-border remittance, payments infrastructure, and P2P payments.

To better serve fintechs, Visa has created a suite of streamlined commercial programs and digital onboarding tools. Our Fintech Fast Track program enables qualifying fintechs to quickly launch and scale their programs. The program has grown 360% year-over-year and has welcomed hundreds of fintechs who are actively engaged in the program. With our startup engagement programs, the Visa Everywhere Initiative and the Inclusive Fintech 50, early stage companies can build payment solutions based on our capabilities. All of our fintech resources are available online on Visa Partner, which provides a comprehensive set of services and resources so that partners can access APIs, apply for programs, complete an online licensing process and find relevant partners to help construct new flows.

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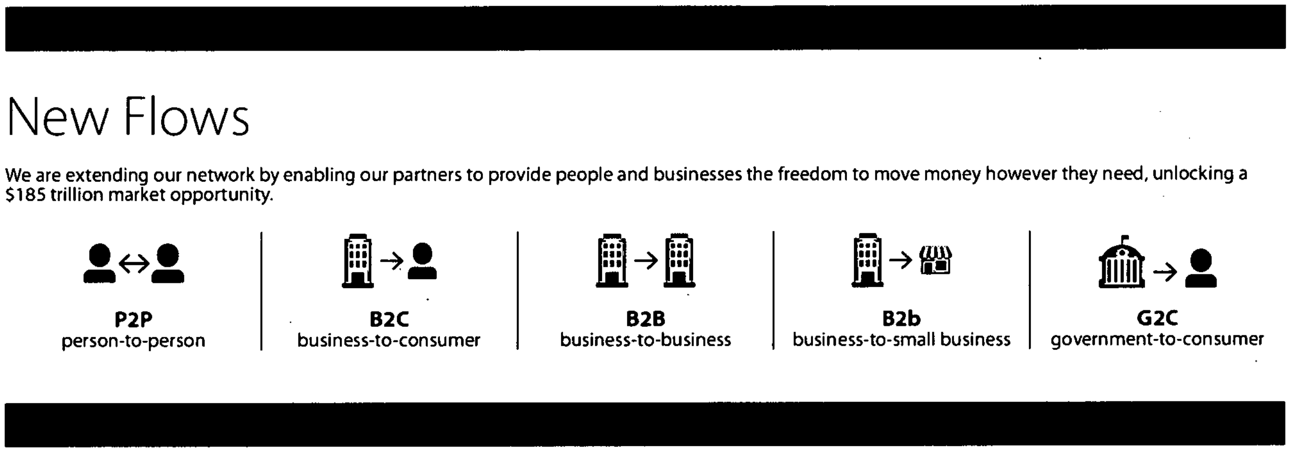
2. New Flows

New flows represent a $185 trillion opportunity. Visa's network of networks approach creates opportunities to enable digital payments for consumers, businesses and governments around the world by facilitating P2P, B2C, B2B, B2b and G2C payments. Today, partners are increasingly using Visa's network infrastructure and capabilities to enable Visa to unlock a growing market opportunity.



Visa Direct

Visa Direct is a global, real-time[2] push payments platform, which reverses the traditional card payment flow by allowing payment originators, through their acquirer, to push funds directly to cards, and with the acquisition of Earthport, Visa Direct can now also push directly to 1.5 billion additional bank accounts. In doing this, Visa Direct supports consumer and business money flows, which is estimated to be $65 trillion, for a variety of payment use cases, including corporate, government and worker payouts, P2P, real-time merchant settlement, and fast cross-border payment capabilities to more than 140 countries.

Visa Direct enables Visa to capture new flows with nearly 3.5 billion global transactions in 2020. This growth was fueled by the expansion of existing use cases, the extension of existing use cases to new countries, the development of new use cases, and the creation and deepening of partnerships worldwide. P2P continued to be a strong contributor, with more than 100 P2P providers globally, led by a 75% year-over-year growth in global P2P transactions. Additionally, we expanded P2P globally in domestic and cross-border capacities with many partners this year.

Many businesses also utilize Visa Direct to have real-time access to working capital to buy inventory, make payroll and service other cash flow needs to keep their businesses running, such as real-time merchant settlement and loan disbursements. During fiscal year 2020, Visa Direct enabled faster payouts to more than 2.35 million U.S. small businesses and sellers, helping to provide fast access to funds to improve cash flow. In the wake of COVID-19, we are seeing more governments adopt Visa Direct to distribute funds quickly, safely and broadly, often reaching the unbanked.

B2B

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

Businesses spend an estimated $120 trillion each year. Our three strategic areas of focus include investing and growing card-based payments, accelerating our efforts in non-card, cross-border payments and digitizing domestic accounts payable/accounts receivable processes.

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

Our existing commercial card solutions generated nearly $1 trillion in payments volume in fiscal year 2020. We continue to invest across our small business, travel and entertainment, purchasing, fleet and virtual card solutions to further digitize how businesses pay other businesses.

Visa B2B Connect is a multilateral network that operates separately from VisaNet and facilitates B2B cross-border transactions directly from an originating bank to the recipient bank. This network gives financial institutions the ability to quickly and securely process high-value corporate cross-border payments globally and helps simplify and speed up the way businesses pay other businesses around the world. Visa B2B Connect's current reach includes 80 markets, and we expect that we will expand to 30 new markets over the next 18-24 months, aiming to reach scale by 2022. We are continuing to build out our capabilities and relationships to fuel future growth and to help our clients fulfill the international payments needs of their customers.

3. Value Added Services

As the payments category continues to evolve and expand in scope, size and complexity, our clients are increasingly looking for insights, and Visa is well positioned to support their needs. Value added services represent an opportunity for us to help our clients grow their businesses, often resulting in additional growth for our core business. In addition, they deepen our client relationships and deliver new sources of revenue. Today, we offer a suite of value added services, including issuer and consumer solutions, merchant and acquirer solutions, fraud management and security services, data products, and consulting and analytics.

Value Added Services

Value added services revenue grew 18% this past year, a testament to the resiliency of this business as well as the demand from our clients for support.

Issuer & Consumer Solutions	Merchant & Acquirer Solutions	Fraud Management & Security Services	Data Solutions	Visa Consulting & Analytics

Issuer and Consumer Solutions

Visa DPS provides a wide range of debit, prepaid and credit value added services to clients including call center services, data analytics, campaign management, fraud and risk solutions, and a white-label branded mobile app. Our U.S. client base includes national banks, community banks and credit unions, as well as a rapidly increasing number of fintechs. DPS continues to extend and expand our capabilities in modern, API-based issuer processing solutions, which will be used for the U.S. and international markets.

We also provide a range of other services and digital solutions to issuers, such as account controls, digital issuance, branded consumer experiences and installments. Installment payments allow shoppers the flexibility to pay for a purchase in equal payments over a defined period of time. Visa is investing in installments as a payments strategy — both by building our own solution, Visa Installments — and by partnering with innovative installments providers who leverage our assets to support a wider variety of installment options. Visa Installments enables issuing banks to offer Visa cardholders the option to divide their total purchase amount into smaller payments during or after checkout, at the store and online — with a Visa card they already have in their wallet. Through Cybersource, Visa's global payment management platform, we are working with acquirers and fintech installment providers to enable this new way to pay for Cybersource's merchant customers.

Merchant and Acquirer Solutions

The Cybersource platform provides payment services for more than 450,000 clients. Cybersource's small business solutions are represented by the Authorize.Net brand in North America.

Through a single integration, Cybersource provides modular, digital capabilities beyond the traditional gateway function of connecting merchants to payment processing. Using Cybersource, merchants of all sizes can improve the way their consumers engage and transact, mitigate fraud and security risk, lower operational costs and adapt to changing business requirements. Cybersource's global footprint lets merchants accept payments in more than 190 countries and territories around the world and includes a broad choice of acquirers and processors, payment types and hardware components.

Cybersource white-labeled capabilities continue to drive innovation in the payments ecosystem and enable better customer experiences. Cybersource also invested in new and enhanced payment integrations with commerce platforms, enabling sellers and acquirers to provide tailored commerce experiences with payments seamlessly embedded.

Cybersource enables an omni-channel solution with a cloud-based architecture to deliver more innovation at the point-of-sale. Our omni-channel solution has been adopted by multiple retailers in the U.S. and in Europe.

Decision Manager delivered through Cybersource supports transaction security for sellers. It leverages the power of network-wide fraud insights and combines it with hundreds of standard API elements, including IP addresses, device fingerprints, order details and analytics, to produce more than 260 detectors in addition to a score for every transaction to help sellers separate fraudulent transactions from non-fraudulent ones. Decision Manager helps merchants reduce exposure to fraud, which is critical for optimizing both revenue and profits for merchants.

Visa continues to invest in its dispute management services. In fiscal year 2019, we acquired Verifi, a leader in technology solutions to reduce chargebacks. With this acquisition, Visa has been able to offer a network agnostic value added solution, enabling merchants to manage disputes across all their payment methods with a single connection.

Fraud Management and Security Services

Security and Identity

Trust is at the core of Visa. Through an evolving and multilayered approach, Visa strives to expect the unexpected, constantly monitoring our network and sharing intelligence with our partners. Our multi-prong security strategy is based on empowering consumers and clients through tools, resources and controls to make more informed risk decisions. To provide these tools, we invest in intelligence and technologies that improve fraud and authorization performance. In fiscal year 2020, Visa Advanced Authorization risk scored 141 billion Visa-processed transactions – each transaction across more than 500 risk factors in about one millisecond. In the last year, Visa's artificial intelligence (AI)-powered risk scoring engine helped financial institutions prevent nearly $25 billion in fraud.

We believe security is an integral driver for growth and innovation. Several developments over the course of fiscal year 2020 help demonstrate our approach:

- We continued to see the benefits of chip technology, where each transaction is accompanied by a one-time code that protects consumer information, in preventing counterfeit fraud and reducing fraud occurring in person at physical stores. In the U.S., for example, our most recent data shows an 87 percent decline in counterfeit fraud at chip-enabled merchants since 2015. Contactless-enabled payment cards use the same trusted security of chip cards. EMV® 3-D Secure (3DS) is a new generation of the protocol — developed by EMVCo's members along with other industry participants — and is designed to protect accounts from unauthorized use across desktop, laptop, mobile or other connected devices, making online purchases easier and more secure.
- A new digital tool was introduced to help U.S. financial institutions with their efforts to combat new account fraud and give consumers greater peace of mind. Advanced Identity Score combines Visa's AI and predictive machine learning capabilities with application and identity related data to generate a risk score for new account applications to help reduce fraud, prevent negative impacts to brand loyalty and trust, and eliminate operational costs due to remediation. Advanced Identity Score can decrease the number of new

accounts opened with stolen identities, protect consumers against synthetic ID or account takeover fraud, save time and help eliminate a poor customer experience.

Visa is also committed to helping protect the broader payments ecosystem from growing cyber threats and fraud through continued investments in intelligence and technology. Visa operates a suite of programs to protect the safety and soundness of the payments ecosystem, investing in intelligence and technology to prevent, detect and mitigate security threats, and empowering our partners with the tools and data necessary to make better risk management decisions that are a core benefit of being part of the Visa network. Our security capabilities, programs and expertise help protect the integrity of the payments ecosystem by seeking to detect and disrupt fraud threats targeting financial institutions and merchants and removing bad actors from the ecosystem to provide the best possible consumer experience. This is achieved through the combined efforts of payment and cyber intelligence, insights and learnings from client/partner breach investigations, and law enforcement engagement to help financial institutions and merchants solve critical security challenges.

Visa Token Service

Visa Token Service is a security technology that helps combat fraud for both face-to-face and ecommerce digital transactions, including mobile and "Internet of Things (IoT)" payments. The technology replaces a consumer's card-related sensitive information, such as personal account number, with a unique, one-time use identifier, or *token*, which protects transactions in a number of ways, including when a card or shopper is not physically present. Launched in 2014, tokenization has been brought to scale over the last six years. We expanded tokenization globally this year, crossing the 1.4 billion tokens milestone and enabling more than 8,300 issuers across 192 markets.

Following the acquisition of Rambus Payments' token services business, Visa rebranded the business unit to Token ID - A Visa Solution. Token ID will expand Visa's tokenization capabilities beyond card-based payments on the Visa network to include domestic card, automated clearing house (ACH) and real-time payment networks to facilitate secure payments across a broader range of global commerce types.

Data Solutions

Data lies at the heart of strategic decisions that governments, financial institutions, fintechs and merchants make to help meet their customers' needs, create new products and experiences, enhance security and bolster customer loyalty. Visa harnesses the power of our rich global datasets to deliver insights, benchmarks and predictive models that benefit our ecosystem.

With Visa's Benchmarking and Operations Solutions, clients can identify opportunities to increase spend and authorization rates and reduce fraud, disputes, chargebacks and operational costs. Visa's suite of Marketing Solutions uses Visa data to help issuers and merchants plan, target, and measure marketing campaigns and communications. Through Visa's Underwriting Solutions, Visa is helping clients harness data to improve portfolio management strategies such as credit line increase programs, cross sale of lending products and working capital management for small businesses.

Visa Consulting & Analytics

Visa Consulting & Analytics is the payments consulting advisory arm of Visa. This group is a client-facing global team of more than 550 payments consultants, data scientists and economists in more than 100 cities. The combination of our deep payments expertise, our breadth of data and our economic intelligence allows us to identify actionable insights, recommendations and solutions that drive better business decisions and measurable outcomes for clients. Visa Consulting & Analytics offers consulting services for issuers, acquirers, merchants, fintechs and others that span the entire customer journey.

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4. Foundational

The foundation of our business is comprised of our technology, security, brand and talent.

Foundational

We are fortifying the key foundations of our business model.

Technology	Security	VISA Brand	Talent

Technology

Visa's technology platform comprises software, hardware, data centers and a vast telecommunications infrastructure, each with a distinct architecture and operational footprint wrapped with several layers of security and protection technologies. Together, these systems deliver the secure, convenient and reliable service that our clients and consumers expect of the Visa brand.

Software

As part of our global technology environment, we build and securely operate hundreds of commercial applications using a diverse set of technologies. Our software powers the core functions of our transaction processing — including authorization, clearing and settlement, and risk scoring — as well as our value added services. These applications together work to provide essential services to the payments ecosystem.

Hardware

We rely on a diverse array of sophisticated infrastructure systems that are tailored to our services. Visa's infrastructure is designed and configured with layers of redundancies. We have multiple instances of our software running on separate pieces of hardware, which is designed to provide continuous availability. Our disaster recovery capabilities are tiered so that our real-time transaction processing services can be continuously available.

Data Centers

Visa operates four data centers that are a critical part of our global processing environment and are built with the capacity to support Visa's growing power, cooling and space needs. All of our data centers have high redundancy of network connectivity, power and cooling designed to provide continuous availability of systems. We are continuing to reduce the carbon footprint of our data centers by deploying efficiency improvement strategies, including LED lighting, variable airflow automation controls and hot-and-cold air containment technologies.

Telecommunications

We connect our clients and partners to Visa's data centers through a massive telecommunications network covering more than 10 million route miles. Each network node is connected through redundant links, designed to provide high levels of security, availability and performance for our products and services.

Security

In parallel with our role in advancing the security of the broader payments ecosystem, Visa remains committed to championing cybersecurity. Our multifaceted security approach includes deploying security tools that help keep our clients and consumers safe, while providing solutions that make Visa the best way to pay and be paid.

We invest significantly in our comprehensive approach to cybersecurity at Visa. We deploy security technologies to protect against data confidentiality, integrity and availability risks, emphasizing core cybersecurity

capabilities to minimize risk exposure. Our in-depth security approach applies multiple layers of protection to reduce the risk of any single control failing. These measures include:

- A formal program to devalue sensitive and/or personal data through various cryptographic means
- Embedded security in the software development lifecycle
- Identity and access management controls to protect against unauthorized access
- Development of advanced cyber detection and response capabilities

For example, Visa uses AI and deep learning technology to monitor our network and understand the threats aimed at our company. Our platform collects billions of security logs each day, providing insight across the network and within our infrastructure. We combine this data with external intelligence on attacks observed outside of our data centers and network. Using machine learning tools, we focus on the events that appear to pose a risk, enabling our cybersecurity team to intervene. We operate this platform globally, with teams in multiple time zones detecting and responding 24x7x365.

Brand

In recognition of our strength among clients and consumers, the Visa brand consistently ranks highly in external brand studies, including #1 on Forbes World's Best Regarded Companies (2019), #5 on BrandZ Top 100 Most Valuable Global Brands (2020), Forbes World's Most Valuable Brands and Interbrand's Best Global Brands, among others.

Visa's brand strength helps deliver added value to our clients and their customers, financial institutions, merchants and partners through compelling brand expressions, a wide range of products and services and innovative brand and marketing efforts.

In line with our commitment to an expansive and diverse range of partnerships for the benefit of all our stakeholders, Visa sponsors FIFA, the International Olympic Committee, the International Paralympic Committee and the National Football League. Visa is the only brand in the world that is a premier sponsor of all of these properties and also is the most active sponsor of women's football around the world. At the Olympic and Paralympic Games Tokyo 2020 (postponed from 2020 to 2021), the Visa brand is expected to be on full display when Visa features our products and technology to bring Japan's vision for the future of digital payments to life.

Talent

Central to our long-term strategy is attracting, developing and retaining the best talent globally with the right skills to drive our success. In fiscal year 2020, the COVID-19 pandemic had a significant impact on our human capital management. A large majority of our workforce worked remotely throughout the second half of 2020, and we instituted safety protocols and procedures for the essential employees who continued to work on site. Visa committed that no employee layoffs would occur in calendar year 2020 related directly to COVID-19. Visa's workforce grew in 2020 at a slower pace than prior years, increasing from approximately 19,500 employees in fiscal year 2019 to approximately 20,500 employees in fiscal year 2020. Voluntary workforce turnover (rolling 12-month attrition) was 6.3% in September 2020. At the end of fiscal year 2020, Visa's global workforce was 59% male and 41% female, and women represented 34% of Visa's leadership (defined as vice president level and above). In the U.S., ethnicity of our workforce was 38% White, 42% Asian, 11% Hispanic, 6% Black and 3% other. For our U.S. leadership, the breakdown was 63% White, 19% Asian, 12% Hispanic, 4% Black and 2% other.

Our culture is underpinned by our core values, including an unwavering commitment to inclusion and diversity. In 2020, we established goals to increase the number of employees from underrepresented groups at the vice president level and above in the U.S. by 50 percent in three years and to increase the number of employees from underrepresented groups in the U.S. by 50 percent in five years. Visa's commitment to diversity recruiting includes partnering with a number of non-profit and community organizations to support and develop a diverse talent pipeline. For example, Visa established the Black Scholars and Job program, a $10 million fund to create a dedicated Visa scholarship assistance program over the next five years, specifically for college-bound Black students. Upon graduation, all recipients who have met their commitments will be guaranteed a full-time job with Visa. Visa is committed to pay equity, regardless of gender or race/ethnicity, and conducts pay equity analyses on an annual basis.

For additional information, please see the section titled "Talent and Human Capital Management" in Visa's 2020 Proxy Statement.

Mergers and Acquisitions and Strategic Investments

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

Plaid Acquisition. In January 2020, Visa entered into a definitive agreement to acquire Plaid, a network that makes it easy for people to securely connect their financial accounts to the apps they use to manage their financial lives. Plaid's products enable consumers to conveniently share their financial information with thousands of apps and services. Visa's acquisition of Plaid represents both an entry into new businesses and complementary enhancements to Visa's existing business. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

On November 5, 2020, the U.S. Department of Justice filed a complaint in the U.S. District Court for the Northern District of California seeking a permanent injunction to prevent Visa from acquiring Plaid, alleging that the proposed acquisition would substantially lessen competition in violation of Section 7 of the Clayton Act and would constitute monopolization under Section 2 of the Sherman Act. Visa intends to vigorously defend the lawsuit.

INTELLECTUAL PROPERTY

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

COMPETITION

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

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

Global or Multi-Regional Networks: These networks typically offer a range of branded, general purpose card payment products that can be used at millions of merchant locations around the world. Examples include Mastercard, American Express, Discover, JCB and UnionPay. These competitors may be more concentrated in specific geographic regions, such as JCB in Japan and Discover in the U.S., or have a leading position in certain countries. For example, UnionPay is the largest player in China, since international card networks were not allowed to process domestic transactions in China until the market started to open up with the first license approval for an international network in fiscal year 2020. See *Item 1A — Risk Factors — Regulatory Risks — Government-imposed obligations and/or restrictions on international payment systems may prevent us from competing against providers in certain countries, including significant markets such as China, India and Russia.* Based on available data, Visa is one of the largest retail electronic funds transfer networks used throughout the world. The following chart compares our network with these network competitors for calendar year 2019[(1)]:

	Visa	Mastercard	American Express	JCB	Diners Club
Payments Volume ($B)	8,941	4,767	1,225	313	179
Total Volume ($B)	11,757	6,468	1,241	320	194
Total Transactions (B)	207	122	9	4	3
Cards (M)	3,454	2,172	114	140	66

(1) Mastercard, American Express, JCB and Diners Club / Discover data sourced from The Nilson Report issue 1178 (June 2020). Mastercard excludes Maestro and Cirrus figures. American Express, Diners Club / Discover, and JCB include business from third-party issuers. JCB figures include other payment-related products and some figures are estimates.

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

Alternate Payment Providers: These providers often have a primary focus of enabling payments through ecommerce and mobile channels, but are expanding or may expand their offerings to the physical point of sale. These companies may process payments using in-house account transfers between parties, electronic funds transfer networks like the ACH, global or local networks like Visa, or some combination of the foregoing. In some cases, these entities are both a partner and a competitor to Visa.

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

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

We believe our fundamental value proposition of acceptance, security, convenience, speed and reliability offers us a key competitive advantage. We succeed in part because we understand the needs of the individual markets in which we operate and partner with local financial institutions, merchants, fintechs, governments, non-governmental organizations and business organizations to provide tailored solutions. We believe Visa is well-positioned competitively due to our global brand, our broad set of Visa-branded payment products, and our proven track record of processing payment transactions securely and reliably through VisaNet.

SEASONALITY AND OTHER

We generally do not experience any pronounced seasonality in our business. No individual quarter of fiscal year 2020 or fiscal year 2019 accounted for more than 30 percent of our net revenues in those years.

In fiscal year 2020, we had two clients that accounted for 11% and 10% of our total net revenues, respectively. We believe this is the result of an unprecedented shift in revenue mix, including the decline in cross-border revenue as a result of the pandemic. In fiscal year 2019 and 2018, no client generated greater than 10% of our total net revenues.

WORKING CAPITAL

Payments settlement due to and from our financial institution clients can represent a substantial daily working capital requirement. Most U.S. dollar settlements are settled within the same day and do not result in a receivable or payable balance, while settlement in currencies other than the U.S. dollar generally remain outstanding for one to two business days, which is consistent with industry practice for such transactions.

GOVERNMENT REGULATION

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

Anti-Corruption, Anti-Money Laundering, Anti-Terrorism and Sanctions: We are subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and other laws that generally prohibit the making or offering of improper payments to foreign government officials and political figures for the purpose of obtaining or retaining business or to gain an unfair business advantage. We are also subject to anti-money laundering and anti-terrorist financing laws and regulations, including the U.S. Bank Secrecy Act. In addition, we are subject to economic and trade sanctions programs administered by the Office of Foreign Assets Control (OFAC) in the U.S. Therefore, we do not permit financial institutions or other entities that are domiciled in countries or territories subject to comprehensive OFAC trade sanctions (currently, Cuba, Iran, North Korea, Syria and Crimea), or that are included on OFAC's list of Specially Designated Nationals and Blocked Persons, to issue or acquire Visa cards or engage in transactions using our services.

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

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

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

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

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

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

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

European and United Kingdom Regulations and Supervisory Oversight: Visa in Europe continues to be subject to complex and evolving regulation in the European Economic Area (EEA). Visa Europe is designated as a Recognized Payment System in the United Kingdom, bringing it within the scope of the Bank of England's supervisory powers and subject to various requirements, including on issues such as governance and risk management designed to maintain the stability of the United Kingdom's financial system. Visa Europe is also subject to the European Central Bank's oversight, whose main focus is on the smooth operation of payment systems in the Euro area, including the security, operational reliability and business continuity of payment systems. Furthermore, Visa Europe is regulated by the United Kingdom's Payment Systems Regulator (PSR), which has wide-ranging powers and authority to review our business practices, systems, rules and fees with respect to promoting competition and innovation in the United Kingdom, and ensuring payments meet account holder needs. The PSR is also the regulator responsible for monitoring Visa Europe's compliance with the IFR in the United Kingdom. The IFR regulates interchange rates within Europe, requires Visa Europe to separate its payment card scheme activities from processing activities for accounting, organization, and decision-making purposes within the EU and imposes limitations on network exclusivity and routing. National competent authorities in the EU are responsible for monitoring and enforcing the IFR in their markets.

There are other regulations in the European Union that impact our business, as discussed above, including regulations governing privacy and data protection, anti-bribery, anti-money laundering, anti-terrorism and sanctions. Other regulations in Europe, such as the second Payment Services Directive (PSD2), require, among other things, that our financial institution clients provide certain customer account access rights to emerging non-financial institution players. PSD2 also includes strong customer authentication requirements for certain transactions that could impose both operational complexity on Visa and negatively impact consumer payment experiences.

As discussed in *Item 1A — Risk Factors — Business Risks — The United Kingdom's withdrawal from the European Union could harm our business and financial results, and* Brexit could lead to further legal and regulatory complexity in Europe.

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

AVAILABLE INFORMATION

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

ITEM 1A. Risk Factors

Regulatory Risks

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

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

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

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

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

Interchange reimbursement fees, certain operating rules and related practices continue to be subject to increased government regulation globally, and regulatory authorities and central banks in a number of jurisdictions have reviewed or are reviewing these fees, rules, and practices. For example, regulations adopted by the U.S. Federal Reserve cap the maximum U.S. debit interchange reimbursement rate received by large financial institutions at 21 cents plus 5 basis points per transaction, plus a possible fraud adjustment of 1 cent. The Dodd-Frank Act also limits issuers' and our ability to adopt network exclusivity and preferred routing in the debit and prepaid area, which also impacts our business. The EU's IFR places an effective cap on consumer credit and consumer debit interchange fees for both domestic and cross-border transactions within the EEA (30 basis points and 20 basis points, respectively). EU member states have the ability to further reduce these interchange levels within their territories. The European Commission concluded its impact assessment of the IFR, indicating that while it does not intend to expand the legislation at this time, it will continue to monitor market dynamics. Countries in other parts of the world, including the Latin America region, have either adopted or are exploring interchange caps. For example, in March 2017, Argentina's central bank passed regulations that cap interchange fees on credit and debit transactions. In March 2018, Brazil adopted interchange caps on debit transactions and in March 2020, the Congress in Costa Rica passed legislation allowing the Central Bank to regulate interchange and other fees. Finally, in Australia, the Reserve Bank is in the process of reviewing the country's payment system regulations, which could potentially result in lower and/or additional interchange caps and other restrictions on our business.

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

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

We are also subject to central bank oversight in some markets, including, Brazil, Russia, the United Kingdom and within the European Union. This oversight could result in new governance, reporting, licensing, cybersecurity, processing infrastructure, capital, or credit risk management requirements. We could also be required to adopt policies and practices designed to mitigate settlement and liquidity risks, including increased requirements to maintain sufficient levels of capital and financial resources locally, as well as localized risk management or governance. They could also include new criteria for member participation and merchant access to our payments system. Additionally, regulators in other jurisdictions are considering or adopting approaches based on similar regulatory principles.

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

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

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

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

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

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

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

Mir and UnionPay have grown rapidly in Russia and China, respectively, and are actively pursuing international expansion plans, which could potentially lead to regulatory pressures on our international routing rule (which requires that international transactions on Visa cards be routed over VisaNet). Furthermore, although regulatory barriers shield Mir and UnionPay from competition in Russia and China, respectively, alternate payment providers such as Alipay and WeChat Pay have rapidly expanded into ecommerce, offline, and cross-border payments, which could make it difficult for us to compete even if our license is approved in China. Recently, with strong backing from China's government, a new digital transaction routing system known as NetsUnion was established. The PBOC allowed Alipay and other digital payment providers to invest in NetsUnion. It and other such systems could have a competitive advantage in comparison with international payments networks.

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

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

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

Our business relies on the processing of data in many jurisdictions and the movement of data across national borders. Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. For example, in July 2020 the Court of Justice of the European Union (CJEU) ruled to invalidate the U.S./EU Privacy Shield - a legal framework that allowed participating companies to transfer personal data from EU member states to the U.S. Visa has never used the Privacy Shield framework for its transfers, and relies instead on Standard Contractual Clauses. However, the CJEU ruling made clear that these transfer mechanisms will be subject to additional scrutiny as well. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. For example, the EU's General Data Protection Regulation (GDPR) extends the scope of the EU data protection law to all companies processing data of EU residents, regardless of the company's location. The law requires companies to comply with a broad range of requirements regarding the handling of personal data. Although we have a global data privacy program that addresses the requirements applicable to our international business, our ongoing efforts to comply with GDPR and rapidly emerging privacy and data protection laws (such as the California Consumer Privacy Act and the Brazilian General Data Protection Law) may increase the complexity of our compliance operations, entail substantial expenses, divert resources from other initiatives and projects, and could limit the services we are able to offer. Inconsistent local and regional regulations restricting location, movement, collection, use and management of data may limit our ability to innovate or compete in certain jurisdictions. For example, India has adopted a data localization law that requires all payment system operators to store domestic transaction data only in India. Such data localization requirements have cost implications for us, impact our ability to utilize the efficiencies and value of our global network, and could affect our strategy. Furthermore, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The enactment of more restrictive laws, rules, regulations, or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability.

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

We exercise significant judgment in calculating our worldwide provision for income taxes and other tax liabilities. Although we believe our tax estimates are reasonable, many factors may limit their accuracy. We are currently under examination by, or in disputes with, the U.S. Internal Revenue Service, the UK's HM Revenue & Customs as well as tax authorities in other jurisdictions, and we may be subject to additional examinations or disputes in the future. Relevant tax authorities may disagree with our tax treatment of certain material items and thereby increase our tax liability. Failure to sustain our position in these matters could harm our cash flow and financial position. In addition, changes in existing laws in the U.S. or foreign jurisdictions, which may be more likely if there is a change in the U.S. administration, or changes resulting from the Organisation for Economic Cooperation and Development's Programme of Work, related to the revision of profit allocation and nexus rules and design of a system to ensure multinational enterprises pay a minimum level of tax, may also materially affect our effective tax rate. A substantial increase in our tax payments could have a material, adverse effect on our financial results. See also *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Litigation Risks

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

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

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

Business Risks

The extent to which the COVID-19 outbreak and measures taken in response thereto impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict.

The global impacts of the COVID-19 outbreak and related government actions taken to reduce the spread of the virus have been weighing on the macroeconomic environment, and have significantly increased economic uncertainty and reduced economic activity. The outbreak has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders and business limitations and shutdowns that began in the second quarter of fiscal year 2020.

The spread of COVID-19 has caused us to modify our business practices (including restricting employee travel, implementing office closures, having our employees work remotely for the rest of 2020 and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or as we determine are in the best interests of our employees, customers and business partners. The COVID-19 outbreak has also impacted scheduled events in which Visa is a sponsor as event organizers consult with health experts, government authorities and other stakeholders to prioritize the health and wellbeing of our global community. This has caused us to make modifications to some of our planned activities and has impacted some of our marketing initiatives.

Cross-border volume continues to be heavily impacted by the decline in travel. International cross-border transaction revenues represent a significant part of our revenue. In addition, we may experience financial losses due to a number of operational factors, including:

- merchant, acquirer and issuer failures and credit settlement risk, particularly with respect to the retail, travel and hospitality industries which have been impacted especially hard by the pandemic, including airlines, cruise ships, hotels, restaurants and entertainment events. The closings and/or failures of a large number of these businesses could result in financial stress on our acquiring partners, and potentially lead to settlement failures, triggering Visa's indemnification obligations. It could also lead to bankruptcies that may result in impairments to our assets or our receivables to be written-off;
- clients may re-negotiate existing agreements or seek early renewal of agreements due to the impact of the outbreak on their business, payments volume and incentives;
- the mix of Visa's clients or the amount of business we do with certain clients may change;
- third party disruptions, including potential outages at network providers, call centers and other suppliers;
- increased cyber and payment fraud risk related to COVID-19, as cybercriminals attempt DDoS related attacks, phishing scams and other disruptive actions, given the shift to online banking, e-commerce and other online activity, as well as more employees working remotely as a result of the outbreak;
- challenges to the availability and reliability of our network due to changes to normal operations, including the possibility of one or more clusters of COVID-19 cases occurring at our data centers, affecting our employees, or affecting the systems or employees of our issuers, acquirers or merchants; and
- additional regulatory requirements, including, for example, government initiatives or requests to reduce or eliminate payments fees or other costs. A number of countries have taken steps to temporarily cap

interchange or other fees on electronic payments as part of their COVID-19 economic relief measures. It is possible that some or all of these caps may become permanent over time, or that we see governments introduce additional and/or new pricing caps in future economic relief initiatives. In addition, proponents of interchange and/or MDR regulation may try to position government intervention as necessary to support recovery efforts. In an overall soft global economy, such pricing measures could result in additional financial pressures on our business.

There are no comparable recent events that provide guidance as to the effect COVID-19 may have on our business, and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. While we have taken measures to modify our business practices and reduce operating expenses, including scaling back hiring plans, restricting travel, lowering marketing spend and the use of external resources, the impact that COVID-19 will have on our business, results of operations and financial condition in the longer term remains difficult to predict due to numerous uncertainties, including the transmissibility, severity and duration of the outbreak, the effectiveness of social distancing measures or actions that are voluntarily adopted by the public or required by governments or public health authorities, the development and availability of effective treatments or vaccines, and the impact to our employees and our operations, the business of our clients, supplier and business partners, and other factors.

Consumers affected by COVID-19 may continue to demonstrate changed behavior even after the COVID-19 outbreak has subsided. For example, consumers may decrease discretionary spending on a permanent or long-term basis, certain industries may take longer to recover (particularly those that rely on travel or large gatherings) as consumers may be hesitant to return to full social interaction, and we may continue to see consumers decrease spending on credit products as economic worries continue, all of which may have adverse implications for our business.

As a result, we may continue to experience materially adverse impacts to our business as a result of the virus' global economic impact, including lower domestic and cross border spending trends, the availability of credit, adverse impacts on our liquidity, and any recessionary conditions that persist, and exacerbate many of the other known risks described in this "Risk Factors" section.

We face intense competition in our industry.

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

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

Certain of our competitors operate with different business models, have different cost structures, or participate in different market segments. Those business models may ultimately prove more successful or more adaptable to regulatory, technological, and other developments. In some cases, these competitors have the support of government mandates that prohibit, limit, or otherwise hinder our ability to compete for transactions within certain countries and regions. Some of our competitors, including American Express, Discover, private-label card networks, virtual currency providers, technology companies that enable the exchange of digital assets, and certain alternate payments systems like Alipay and WeChat Pay, operate closed-loop payments systems, with direct connections to both merchants and consumers. Government actions or initiatives such as the Dodd-Frank Act, the IFR in Europe, or real time payment initiatives by governments such as the U.S. Federal Reserve's FedNow or the Central Bank of

Brazil's Pix system may provide competitors with increased opportunities to derive competitive advantages from these business models, and may create new competitors, including in some cases the government itself. Similarly, regulation in Europe under PSD2 and the IFR may require us to open up access to, and allow participation in, our network to additional participants, and reduce the infrastructure investment and regulatory burden on competitors. We also run the risk of disintermediation due to factors such as emerging technologies, including mobile payments, alternate payment credentials, other ledger technologies or payment forms, and by virtue of increasing bilateral agreements between entities that prefer not to use our payments network for processing transactions. For example, merchants could process transactions directly with issuers, or processors could process transactions directly with issuers and acquirers.

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

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

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

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

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

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

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

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

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

We depend on relationships with financial institutions, acquirers, processors, merchants, and other third parties.

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

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

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

Global economic, political, market, health and social events or conditions may harm our business.

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

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

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

We indemnify issuers and acquirers for settlement losses they may suffer due to the failure of another issuer or acquirer to honor its settlement obligations in accordance with the Visa operating rules. In certain instances, we may indemnify issuers or acquirers in situations in which a transaction is not processed by our system. This indemnification creates settlement risk for us due to the timing difference between the date of a payment transaction and the date of subsequent settlement. Our indemnification exposure is generally limited to the amount of unsettled Visa card payment transactions at any point in time and any subsequent amounts that may fall due relating to adjustments for previously processed transactions. Concurrent settlement failures or insolvencies involving more than one of our largest clients, several of our smaller clients, or systemic operational failures could negatively impact our financial position. Even if we have sufficient liquidity to cover a settlement failure or insolvency, we may be unable to recover the amount of such payment. This could expose us to significant losses and harm our business. See *Note 12—Settlement Guarantee Management* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

The United Kingdom's withdrawal from the European Union could harm our business and financial results.

In June 2016, voters in the United Kingdom approved the withdrawal of the United Kingdom from the European Union (commonly referred to as "Brexit"). In March 2017, the UK government initiated the exit process under Article 50 of the Treaty of the European Union, commencing a period of up to two years for the United Kingdom and the other EU member states to negotiate the terms of the withdrawal, which was subsequently postponed until January 31, 2020, at which point the United Kingdom formally withdrew from the EU. Since then the United Kingdom has continued to participate in the EU from a trade and economic perspective while the parties seek to negotiate a trade deal. The deadline for agreeing to a trade deal is December 31, 2020. Uncertainty over the terms of the United Kingdom's continued participation in the European Union could cause political and economic uncertainty in the United Kingdom and the rest of Europe, which could harm our business and financial results.

Brexit will lead to legal uncertainty and potentially divergent national laws and regulations in the United Kingdom and European Union. We, as well as our clients who have significant operations in the United Kingdom, may incur additional costs and expenses as we adapt to potentially divergent regulatory frameworks from the rest of the European Union and as a result, our Visa operating rules and contractual commitments in the United Kingdom and the rest of the European Union may be impacted. In addition, applications will need to be made for regulatory authorization and permission in separate EU member states following the post-Brexit transition period. These factors may impact our ability to operate and process data in the European Union and United Kingdom seamlessly. This and other Brexit-related issues may require changes to our legal entity structure and/or operations in the United Kingdom and the European Union. Any of these effects of Brexit, among others, could harm our business and financial results.

Technology and Cybersecurity Risks

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

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

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

Our cybersecurity and processing systems, as well as those of financial institutions, merchants, and third-party service providers, have experienced in limited instances and may continue to experience errors, interruptions, delays or damage from a number of causes, including power outages, hardware, software and network failures, computer viruses, malware or other destructive software, internal design, manual or usage errors, cyber-attacks, terrorism, workplace violence or wrongdoing, catastrophic events, natural disasters, severe weather conditions and other effects from climate change.

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

Numerous and evolving cybersecurity threats, including advanced and persistent cyber-attacks, phishing and social engineering schemes, particularly on our internet applications, could compromise the confidentiality, availability, and integrity of data in our systems or the systems of our third-party service providers. Because the techniques used to obtain unauthorized access, or to disable or degrade systems change frequently, have become increasingly more complex and sophisticated, and may be difficult to detect for periods of time, we may not anticipate these acts or respond adequately or timely. The security measures and procedures we, our financial institution and merchant clients, other merchants and third-party service providers in the payments ecosystem have in place to protect sensitive consumer data and other information may not be successful or sufficient to counter all data security breaches, cyber-attacks, or system failures. In some cases, the mitigation efforts may be dependent on third parties who may not deliver to the required contractual standards, who may not be able to timely patch vulnerabilities or fix security defects, or whose hardware, software or network services may be subject to error, defect, delay, outage or lack appropriate malware prevention to prevent breaches or data exfiltration incidents. Although we devote significant resources to our cybersecurity and supplier risk management programs and have implemented security measures to protect our systems and data, and to prevent, detect and respond to data security incidents, there can be no assurance that our efforts will prevent these threats.

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

Structural and Organizational Risks

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

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

- disruption to our ongoing business, including diversion of resources and management's attention from our existing business;

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

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

The talents and efforts of our employees, particularly our key management, are vital to our success. Our management team has significant industry experience and would be difficult to replace. We may be unable to retain them or to attract other highly qualified employees, particularly if we do not offer employment terms that are competitive with the rest of the labor market. Ongoing changes in laws and policies regarding immigration and work authorizations have made it more difficult for employees to work in, or transfer among, jurisdictions in which we have operations and could continue to impair our ability to attract and retain qualified employees. Failure to attract, hire, develop, motivate, and retain highly qualified and diverse employee talent, to develop and implement an adequate succession plan for the management team, or to maintain a corporate culture that fosters innovation, and collaboration could disrupt our operations and adversely affect our business and our future success.

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

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

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

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

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

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

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

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

At September 30, 2020, we owned or leased 125 offices in 78 countries around the world. Our corporate headquarters are located in owned and leased premises in the San Francisco Bay Area.

In addition, we owned or leased a total of four global processing centers located in the U.S., Singapore and the United Kingdom.

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

ITEM 3. Legal Proceedings

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

ITEM 4. Mine Safety Disclosures

Not applicable.

(1),(2) (1),(2)

PART II

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

Our class A common stock has been listed on the New York Stock Exchange under the symbol "V" since March 19, 2008. At November 13, 2020, we had 338 stockholders of record of our class A common stock. The number of beneficial owners is substantially greater than the number of record holders, because a large portion of our class A common stock is held in "street name" by banks and brokers. There is currently no established public trading market for our class B or C common stock. There were 1,309 and 467 holders of record of our class B and C common stock, respectively, as of November 13, 2020.

On October 23, 2020, our 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, B and C preferred stock on an as-converted basis) payable on December 1, 2020, to holders of record as of November 13, 2020 of our common and preferred stock.

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

Issuer Purchases of Equity Securities

The table below sets forth our purchases of common stock during the quarter ended September 30, 2020:

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)			
July 1-31, 2020	2	$ 192.83	2	$ 6,646
August 1-31, 2020	2	$ 195.97	2	$ 6,153
September 1-30, 2020	4	$ 201.33	4	$ 5,389
Total	**8**	**$ 197.73**	**8**	

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

(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, our board of directors authorized a share repurchase program for $9.5 billion. This authorization has no expiration date. All share repurchase programs authorized prior to January 2020 have been completed.

EQUITY COMPENSATION PLAN INFORMATION

The table below presents information as of September 30, 2020, for the Visa 2007 Equity Incentive Compensation Plan (the "EIP") and the Visa Inc. Employee Stock Purchase Plan (the "ESPP"), which were approved by our stockholders. We do not have any equity compensation plans that have not been approved by our stockholders. For a description of the awards issued under the EIP and the ESPP, see *Note 17—Share-based Compensation* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Plan Category	(a) Number Of Shares of Class A Common Stock Issuable Upon Exercise of Outstanding Options And Rights	Weighted-Average Exercise Price of Outstanding Options	Number of Shares of Class A Common Stock Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected In Column (a))
	(in millions, except per weighted-average exercise price)		
Equity compensation plans approved by stockholders	12 (1)	$ 114.61 (2)	155 (3)

(1) The maximum number of shares issuable as of September 30, 2020 consisted of 6 million outstanding options, 5 million outstanding restricted stock units and 1 million outstanding performance shares under the EIP and less than 1 million outstanding purchase rights under the ESPP.

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

(3) As of September 30, 2020, 139 million shares and 16 million shares remain available for issuance under the EIP and the ESPP, respectively.

(1)

(2) (3) (4)

ITEM 6. Selected Financial Data

The following tables present selected Visa Inc. financial data for the past five fiscal years. The data below should be read in conjunction with *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Item 8—Financial Statements and Supplementary Data* of this report.

	For the Years Ended September 30,				
	2020	2019	2018	2017	2016
	(in millions, except per share data)				
Statement of Operations:					
Net revenues	**$ 21,846**	$ 22,977	$ 20,609	$ 18,358	$ 15,082
Operating expenses	**$ 7,765**	$ 7,976	$ 7,655	$ 6,214	$ 7,199 (1)
Operating income	**$ 14,081**	$ 15,001	$ 12,954	$ 12,144	$ 7,883
Net income	**$ 10,866** (2)	$ 12,080	$ 10,301 (3)	$ 6,699 (4)	$ 5,991
Basic earnings per share—class A common stock	**$ 4.90**	$ 5.32	$ 4.43	$ 2.80	$ 2.49
Diluted earnings per share—class A common stock	**$ 4.89**	$ 5.32	$ 4.42	$ 2.80	$ 2.48

	September 30,				
	2020	2019	2018	2017	2016
	(in millions, except per share data)				
Balance Sheet:					
Total assets	**$ 80,919**	$ 72,574	$ 69,225	$ 67,977	$ 64,035
Accrued litigation	**$ 914**	$ 1,203 (5)	$ 1,434 (5)	$ 982	$ 981
Long-term debt	**$ 21,071** (6)	$ 16,729	$ 16,630	$ 16,618 (6)	$ 15,882 (6)
Total equity	**$ 36,210**	$ 34,684	$ 34,006	$ 32,760	$ 32,912
Dividend declared and paid per common share	**$ 1.200**	$ 1.000	$ 0.825	$ 0.660	$ 0.560

(1) During fiscal 2016, upon consummation of the Visa Europe acquisition, we recorded a non-recurring loss of $1.9 billion, before tax, in operating expense resulting from the effective settlement of the Framework Agreement between us and Visa Europe.

(2) During fiscal 2020, in connection with the UK enacted legislation, we remeasured our net deferred tax liabilities resulting in the recognition of a non-recurring, non-cash income tax expense of $329 million. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

(3) During fiscal 2018, as a result of the U.S. tax reform legislation, our net income reflected a lower statutory tax rate, a non-recurring, non-cash income tax benefit of approximately $1.1 billion from the remeasurement of our deferred tax liabilities, and a one-time transition tax of approximately $1.1 billion. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

(4) During fiscal 2017, in connection with our legal entity reorganization, we eliminated deferred tax balances originally recognized upon the acquisition of Visa Europe, resulting in the recognition of a non-recurring, non-cash income tax provision of $1.5 billion.

(5) During fiscal 2019, related to the interchange multidistrict litigation, we made payments of $600 million, partially offset by an additional accrual of $370 million. During fiscal 2018, pursuant to an amended settlement agreement that superseded the 2012 Settlement Agreement related to the interchange multidistrict litigation, we recorded an accrual of $600 million. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

(6) During fiscal 2020, 2017 and 2016, we issued fixed-rate senior notes in an aggregate principal amount of $7.3 billion, $2.5 billion and $16.0 billion, respectively. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

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

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

This section of this Form 10-K generally discusses fiscal 2020 compared to fiscal 2019. Discussions of fiscal 2019 compared to 2018 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal 2019 Form 10-K, filed with the United States Securities and Exchange Commission on November 14, 2019.

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:

	For the Years Ended September 30,			% Change[1]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages and per share data)				
Net income, as reported	**$ 10,866**	$ 12,080	$ 10,301	(10)%	17 %
Diluted earnings per share, as reported	**$ 4.89**	$ 5.32	$ 4.42	(8)%	20 %
Non-GAAP net income[2]	**$ 11,193**	$ 12,274	$ 10,656	(9)%	15 %
Non-GAAP diluted earnings per share[2]	**$ 5.04**	$ 5.40	$ 4.58	(7)%	18 %

(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 will ultimately 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 and will continue to have most of our employees work remotely for the rest of 2020. We continue to remain in close and regular contact with our employees, clients, partners and governments globally to help them navigate these challenging times.

Revenues in the latter half of fiscal 2020 were impacted by declines in volumes and transactions as a result of COVID-19, although we are exiting the year with improved results and most countries had stable to positive year-over-year domestic spending growth in the fiscal fourth quarter. Cross-border volume however, remained depressed, led by travel spending, as the majority of borders remain closed. While we have taken measures to modify our business practices and reduce operating expenses, including scaling back hiring plans, restricting travel, lowering marketing spend and the use of external resources, the impact that COVID-19 will have on our business remains difficult to predict due to numerous uncertainties, including the transmissibility, severity and duration of the outbreak, the effectiveness of social distancing measures or actions that are voluntarily adopted by the public or required by governments or public health authorities, the development and availability of effective treatments or vaccines, 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 this Form 10-K. We will continue to evaluate the nature and extent of the impact to our business.

Highlights for fiscal 2020. Net revenues for fiscal 2020 were $21.8 billion, a decrease of 5% over the prior year, primarily due to the year-over-year changes payments volume, cross-border volume and processed transactions, which were impacted by the spread of COVID-19 globally starting in the latter part of March 2020. Exchange rate movements in fiscal 2020, partially mitigated by our hedging program, negatively impacted our net revenues growth by approximately half a percentage point.

Total operating expenses for fiscal 2020 were $7.8 billion on a GAAP basis, and decreased 3% over the prior year, driven by lower litigation provision and our overall cost reduction strategy, offset by higher personnel and depreciation and amortization from our ongoing investments in support of our strategy for future growth. Total operating expenses for fiscal 2020 were $7.7 billion on a non-GAAP basis, and increased 1% over the prior year primarily driven by higher personnel, offset by our overall cost reduction strategy.

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. Starting in fiscal 2020, we revised our non-GAAP methodology to also exclude the impact of gains and losses on our equity investments, amortization of acquired intangible assets and acquisition-related costs for acquisitions that closed in fiscal 2019 and subsequent periods. Prior year amounts have been restated to conform to our current presentation.

- *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.

- *Litigation provision.* During fiscal 2019 and 2018, we recorded a litigation provision of $370 million and $600 million, respectively, and related tax benefits of $83 million and $137 million, respectively, associated with the interchange multidistrict litigation. The tax impact is determined by applying applicable federal and state tax rates to the litigation provision. Under the U.S. retrospective responsibility plan, we recover the monetary liabilities related to the U.S. covered litigation through a reduction to the conversion rate of our class B common stock to shares of class A common stock. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

- *Charitable contributions.* During fiscal 2018, we donated investment securities to the Visa Foundation and recognized a non-cash general and administrative expense of $195 million, before tax, and recorded $193 million of realized gain on the donation of these investments as non-operating income. Net of the related cash tax benefit of $51 million, determined by applying applicable tax rates, non-GAAP net income decreased by $49 million.

- *Remeasurement of deferred tax balances.* During fiscal 2020, in connection with the UK enacted legislation that repealed the previous tax rate reduction from 19% to 17% that was effective on April 1, 2020, we remeasured our net deferred tax liabilities as of the enactment date, resulting in the recognition of a non-recurring, non-cash income tax expense of $329 million. During fiscal 2018, in connection with the Tax Cuts and Jobs Act (the "Tax Act") reduction of the corporate income tax rate, we remeasured our net deferred tax liabilities as of the enactment date, resulting in the recognition of a non-recurring, non-cash income tax benefit of $1.1 billion. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

- *Transition tax on foreign earnings.* During fiscal 2018, in connection with the Tax Act requirement that we include certain untaxed foreign earnings of non-U.S. subsidiaries in our fiscal 2018 taxable income, we recorded a one-time transition tax estimate of approximately $1.1 billion. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.
- *Resolution of a tax item.* During fiscal 2020, we resolved a long-outstanding tax matter, dating back more than 12 years, relating to certain tax filing positions taken prior to our initial public offering. The resolution of this matter resulted in the recognition of a one-time charge to income tax expense of $28 million, which we believe is not representative of our continuing operations and ongoing effective tax rate.

Non-GAAP operating expenses, non-operating income (expense), income tax provision, effective income tax rate, net income and diluted earnings per share should not be relied upon as substitutes for 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 the respective non-GAAP financial measures:

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

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

	For the Year Ended September 30, 2018					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate[(1)]	Net Income	Diluted Earnings Per Share[(1)]
	(in millions, except percentages and per share data)					
As reported	$ 7,655	$ (148)	$ 2,505	19.6 %	$ 10,301	$ 4.42
(Gains) Losses on equity investments, net	—	(98)	(25)		(73)	(0.03)
Charitable contribution	(195)	(193)	51		(49)	(0.02)
Litigation provision	(600)	—	137		463	0.20
Remeasurement of deferred tax balances	—	—	1,133		(1,133)	(0.49)
Transition tax on foreign earnings	—	—	(1,147)		1,147	0.49
Non-GAAP	$ 6,860	$ (439)	$ 2,654	20.3 %	$ 10,656	$ 4.58

(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.

Release of preferred stock. In September 2020, we released $7.3 billion of the as-converted value from our series B and C preferred stock (alternatively referred to as UK&I and Europe preferred stock, respectively) and issued 374,819 shares of series A preferred stock in connection with the first mandatory release assessment, as required by the litigation management deed entered into at the time of the Visa Europe acquisition. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Common stock repurchases. In January 2020, our board of directors authorized a $9.5 billion share repurchase program (the "January 2020 Program"). During fiscal 2020, we repurchased 44 million shares of our class A common stock in the open market for $8.1 billion. As of September 30, 2020, our January 2020 Program had remaining authorized funds of $5.5 billion for share repurchase. See *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Senior notes. In fiscal 2020, we issued fixed-rate senior notes in public offerings in an aggregate principal amount of $7.3 billion with maturities ranging between 7 and 30 years. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Acquisition. On January 13, 2020, we entered into a definitive agreement to acquire Plaid Inc. for $5.3 billion. We will pay approximately $4.9 billion of cash and $0.4 billion of retention equity and deferred equity consideration. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals.

On November 5, 2020, the U.S. Department of Justice filed a complaint in the U.S. District Court for the Northern District of California seeking a permanent injunction to prevent Visa from acquiring Plaid, alleging that the proposed acquisition would substantially lessen competition in violation of Section 7 of the Clayton Act and would constitute monopolization under Section 2 of the Sherman Act. Visa intends to vigorously defend the lawsuit. See *Note 2—Acquisitions* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

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

Nominal payments volume growth in the U.S. for the 12 months ended June 30, 2020 and 2019 was 4% and 10%, respectively. The decrease in nominal international payments volume of 1% for the 12 months ended June 30, 2020[(1)] was negatively impacted by the overall strengthening of the U.S. dollar. On a constant-dollar basis, which excludes the impact of exchange rate movements, our international payments volume growth for the 12 months ended June 30, 2020 and 2019 was 2% and 9%, respectively. Growth in processed transactions reflects the ongoing worldwide shift to electronic payments, partially offset by the impact of COVID-19.

The following tables present nominal payments and cash volume:

	U.S. 12 months ended June 30,[1] 2020	U.S. 2019	U.S. % Change[2]	International 12 months ended June 30,[1] 2020	International 2019	International % Change[2]	Visa Inc. 12 months ended June 30,[1] 2020	Visa Inc. 2019	Visa Inc. % Change[2]
	(in billions, except percentages)								
Nominal payments volume									
Consumer credit	$ **1,518**	$ 1,540	(1)%	$ **2,361**	$ 2,484	(5)%	$ **3,879**	$ 4,025	(4)%
Consumer debit[3]	**1,851**	1,699	9 %	**1,974**	1,877	5 %	**3,824**	3,576	7 %
Commercial[4]	**641**	634	1 %	**369**	381	(3)%	**1,010**	1,015	— %
Total nominal payments volume[2]	$ **4,009**	$ 3,873	4 %	$ **4,704**	$ 4,742	(1)%	$ **8,713**	$ 8,615	1 %
Cash volume	**573**	573	— %	**2,046**	2,261	(9)%	**2,620**	2,834	(8)%
Total nominal volume[2],[5]	$ **4,583**	$ 4,447	3 %	$ **6,750**	$ 7,003	(4)%	$ **11,333**	$ 11,450	(1)%

	U.S. 12 months ended June 30,[1] 2019	U.S. 2018	U.S. % Change[2]	International 12 months ended June 30,[1] 2019	International 2018	International % Change[2]	Visa Inc. 12 months ended June 30,[1] 2019	Visa Inc. 2018	Visa Inc. % Change[2]
	(in billions, except percentages)								
Nominal payments volume									
Consumer credit	$ 1,540	$ 1,441	7 %	$ 2,484	$ 2,455	1 %	$ 4,025	$ 3,897	3 %
Consumer debit[3]	1,699	1,521	12 %	1,877	1,792	5 %	3,576	3,313	8 %
Commercial[4]	634	564	12 %	381	364	5 %	1,015	927	9 %
Total nominal payments volume[2]	$ 3,873	$ 3,526	10 %	$ 4,742	$ 4,611	3 %	$ 8,615	$ 8,137	6 %
Cash volume	573	563	2 %	2,261	2,437	(7)%	2,834	3,000	(6)%
Total nominal volume[2],[5]	$ 4,447	$ 4,089	9 %	$ 7,003	$ 7,048	(1)%	$ 11,450	$ 11,137	3 %

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

	International 12 months ended June 30, 2020 vs 2019[1] Nominal	International 2020 vs 2019[1] Constant[6]	International 12 months ended June 30, 2019 vs 2018[1] Nominal	International 2019 vs 2018[1] Constant[6]	Visa Inc. 12 months ended June 30, 2020 vs 2019[1] Nominal	Visa Inc. 2020 vs 2019[1] Constant[6]	Visa Inc. 12 months ended June 30, 2019 vs 2018[1] Nominal	Visa Inc. 2019 vs 2018[1] Constant[6]
Payments volume growth								
Consumer credit growth	(5)%	(2)%	1 %	8 %	(4)%	(2)%	3 %	7 %
Consumer debit growth[3]	5 %	9 %	5 %	11 %	7 %	9 %	8 %	11 %
Commercial growth[4]	(3)%	— %	5 %	13 %	— %	1 %	9 %	12 %
Total payments volume growth[2]	(1)%	2 %	3 %	9 %	1 %	3 %	6 %	10 %
Cash volume growth	(9)%	(6)%	(7)%	— %	(8)%	(5)%	(6)%	— %
Total volume growth[2]	(4)%	(1)%	(1)%	6 %	(1)%	1 %	3 %	7 %

(1) Service revenues in a given quarter are assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the 12 months ended September 30, 2020, 2019 and 2018, were based on nominal payments volume reported by our financial institution clients for the 12 months ended June 30, 2020, 2019 and 2018, respectively.
(2) Figures in the tables may not recalculate exactly due to rounding. Percentage changes and totals are calculated based on unrounded numbers.
(3) Includes consumer prepaid volume and interlink volume.
(4) Includes large, medium and small business credit and debit, as well as commercial prepaid volume.
(5) 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 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.

(1)

(1)

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

	For the Years Ended September 30,			% Change[(1)]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages)				
Visa processed transactions	**140,839**	138,329	124,320	2 %	11 %

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

Financial Information Presentation

Net Revenues

Our net revenues are primarily generated from payments volume on Visa products for purchased goods and services, as well as the number of transactions processed on our network. We do not earn revenues from, or bear credit risk with respect to, interest or fees paid by account holders on Visa products. Our issuing clients have the responsibility for issuing cards and other payment products and determining the interest rates and fees paid by account holders. We generally do not earn revenues from the fees that merchants are charged for acceptance by acquirers, including the merchant discount rate. Our acquiring clients are generally responsible for soliciting merchants as well as establishing and earning these fees.

The following sets forth the components of our net revenues:

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

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

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

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

Client incentives consist of incentives provided in contracts with financial institution clients, merchants and strategic partners for various programs designed to grow payments volume, increase Visa product acceptance, win merchant routing transactions over our network and drive innovation. These incentives are primarily accounted for as reductions to revenues.

Operating Expenses

Personnel expenses include salaries, employee benefits, incentive compensation, share-based compensation, severance charges and contractor expense.

Marketing expenses include expenses associated with advertising and marketing campaigns, sponsorships and other related promotions of the Visa brand.

Network and processing expenses mainly represent expenses for the operation of our processing network, including maintenance, equipment rental and fees for other data processing services.

Professional fees mainly consist of fees for consulting, legal and other professional services.

Depreciation and amortization expenses include depreciation expense for property and equipment, as well as amortization of purchased and internally developed software. Also included in this amount is amortization of finite-lived intangible assets primarily obtained through acquisitions.

General and administrative expenses consist mainly of product enhancements, facilities costs, travel activities, indirect taxes, foreign exchange gains and losses and other corporate expenses incurred in support of our business.

Litigation provision represents litigation expenses and is based on management's understanding of our litigation profile, the specifics of the cases, advice of counsel to the extent appropriate and management's best estimate of incurred loss.

Non-operating Income (Expense)

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

Results of Operations

Net Revenues

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

	For the Years Ended September 30,			$ Change		% Change[1]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages)						
U.S.	$ **10,125**	$ 10,279	$ 9,332	$ (154)	$ 947	(1)%	10 %
International	**11,721**	12,698	11,277	(977)	1,421	(8)%	13 %
Net revenues	$ **21,846**	$ 22,977	$ 20,609	$ (1,131)	$ 2,368	(5)%	11 %

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

Net revenues decreased in fiscal 2020 primarily due to the year-over-year changes in payments volume, cross-border volume and processed transactions, which were impacted by COVID-19 starting in the latter part of March 2020.

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. Exchange rate movements in fiscal 2020, as partially mitigated by our hedging program, negatively impacted our net revenues growth by approximately half a percentage point.

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

	For the Years Ended September 30,			$ Change		% Change[1]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages)						
Service revenues	$ **9,804**	$ 9,700	$ 8,918	$ 104	$ 782	1 %	9 %
Data processing revenues	**10,975**	10,333	9,027	642	1,306	6 %	14 %
International transaction revenues	**6,299**	7,804	7,211	(1,505)	593	(19)%	8 %
Other revenues	**1,432**	1,313	944	119	369	9 %	39 %
Client incentives	**(6,664)**	(6,173)	(5,491)	(491)	(682)	8 %	12 %
Net revenues	$ **21,846**	$ 22,977	$ 20,609	$ (1,131)	$ 2,368	(5)%	11 %

(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 1% growth in nominal payments volume.
- *Data processing revenues* increased due to 2% growth in processed transactions, growth in value added services and select pricing modifications.
- *International transaction revenues* decreased due to a 23% decline in nominal cross-border volumes, excluding transactions within Europe, as COVID-19 spread globally starting in the latter part of March 2020. International transaction revenues were also impacted by select pricing modifications.
- *Other revenues* increased primarily due to the increase in consulting and marketing services related fees, other value added services and acquisition-related revenues.
- *Client incentives* increased mainly due to incentives recognized on long-term client contracts that were initiated or renewed during fiscal 2020 partially offset by the recent decline in global payments volume. The amount of client incentives we record in future periods will vary based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Operating Expenses

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

	For the Years Ended September 30,			$ Change		% Change[1]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages)						
Personnel	$ **3,785**	$ 3,444	$ 3,170	$ 341	$ 274	10 %	9 %
Marketing	**971**	1,105	988	(134)	117	(12)%	12 %
Network and processing	**727**	721	686	6	35	1 %	5 %
Professional fees	**408**	454	446	(46)	8	(10)%	2 %
Depreciation and amortization	**767**	656	613	111	43	17 %	7 %
General and administrative	**1,096**	1,196	1,145	(100)	51	(8)%	4 %
Litigation provision	**11**	400	607	(389)	(207)	(97)%	(34)%
Total operating expenses[2]	$ **7,765**	$ 7,976	$ 7,655	$ (211)	$ 321	(3)%	4 %

(1) Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.
(2) Operating expenses for fiscal 2019 and 2018 include significant items that we do not believe are indicative of our operating performance as they are related to the interchange multidistrict litigation provision or charitable donations. See *Overview* within this *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations.*

- *Personnel expenses* increased due to continued headcount growth in support of our investment strategy for future growth.

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(1)

(1)

- *Marketing expenses* decreased reflecting our overall cost reduction strategy, the absence of FIFA women's world cup and the delay of the Tokyo Olympics to fiscal 2021, partially offset by an increase in client marketing spend.
- *Professional fees* decreased reflecting our overall cost reduction strategy.
- *Depreciation and amortization expenses* increased primarily due to additional depreciation and amortization from our on-going investments, including acquisitions.
- *General and administrative expenses* decreased primarily due to travel restrictions and our overall cost reduction strategy.
- *Litigation provision* decreased primarily due to lower accruals for uncovered litigation in fiscal 2020 and a $370 million accrual in fiscal 2019 related to the interchange multidistrict litigation. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Non-operating Income (Expense)

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

	For the Years Ended September 30,			$ Change		% Change[1]	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
	(in millions, except percentages)						
Interest expense, net	**$ (516)**	$ (533)	$ (612)	$ 17	$ 79	(3)%	(13)%
Investment income and other	**225**	416	464	(191)	(48)	(46)%	(10)%
Total non-operating income (expense)	**$ (291)**	$ (117)	$ (148)	$ (174)	$ 31	148 %	(20)%

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

- *Interest expense, net* decreased primarily as a result of derivative instruments that lowered the cost of borrowing on a portion of our outstanding debt, offset by additional interest expense related to the issuance of debt in fiscal 2020. See *Note 10—Debt* and *Note 13—Derivative Financial Instruments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.
- *Investment income and other* decreased primarily due to lower gains on our equity investments and lower interest income on our cash and investments. See *Note 6—Fair Value Measurements and Investments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Effective Income Tax Rate

The following table sets forth our effective income tax rate:

	For the Years Ended September 30,			Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Effective income tax rate	**21 %**	19 %	20 %	2 %	(1)%

The effective tax rate in fiscal 2020 differs from the effective tax rate in fiscal 2019 mainly due to a $329 million non-recurring, non-cash tax expense relating to the remeasurement of UK deferred tax liabilities, as a result of the enactment of UK legislation on July 22, 2020 that repealed the previous tax rate reduction from 19% to 17% that was effective on April 1, 2020. The remeasurement of UK deferred tax liabilities was primarily related to deferred taxes on intangibles recorded upon the acquisition of Visa Europe in fiscal 2016.

Liquidity and Capital Resources

Management of Our Liquidity

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

The objectives of our treasury policies are to:

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

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

Cash Flow Data

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

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
Total cash provided by (used in):			
Operating activities	$ **10,440**	$ 12,784	$ 12,941
Investing activities	**1,427**	(591)	(3,084)
Financing activities	**(3,968)**	(12,061)	(10,790)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	**440**	(277)	(101)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	$ **8,339**	$ (145)	$ (1,034)

Operating activities. Cash provided by operating activities in fiscal 2020 was lower than the prior fiscal year primarily due to lower net income, higher client incentive payments and timing of settlement.

Investing activities. Cash provided by investing activities in fiscal 2020 was higher than the prior fiscal year primarily due to higher proceeds from sales and maturities of investment securities, combined with fewer investment security purchases, lower purchase consideration paid for acquisitions, net of cash and restricted cash acquired, due to fewer acquisitions and lower purchases of other investments.

Financing activities. Cash used in financing activities in fiscal 2020 was lower than the prior fiscal year primarily due to proceeds received from the issuance of senior notes, the absence of the deferred purchase consideration payment made in the prior year and lower share repurchases, partially offset by higher dividends paid. See *Note 10—Debt and Note 15—Stockholders' Equity*, to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Sources of Liquidity

Our primary sources of liquidity are cash on hand, cash flow from our operations, our investment portfolio and access to various equity and borrowing arrangements. Funds from operations are maintained in cash and cash equivalents and short-term or long-term available-for-sale investment securities based upon our funding requirements, access to liquidity from these holdings and the return that these holdings provide. We believe that cash flow generated from operations, in conjunction with access to our other sources of liquidity, will be more than sufficient to meet our ongoing operational needs.

Available-for-sale debt securities. Our investment portfolio is designed to invest cash in securities which enables us to meet our working capital and liquidity needs. Our investment portfolio consists of debt securities issued by the U.S. Treasury or U.S. government-sponsored agencies. The majority of these investments, $3.6 billion, are classified as current and are available to meet short-term liquidity needs. The remaining non-current investments have stated maturities of more than one year from the balance sheet date; however, they are also generally available to meet short-term liquidity needs.

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

Commercial paper program. We maintain a commercial paper program to support our working capital requirements and for other general corporate purposes. Under the program, we are authorized to issue up to $3.0 billion in outstanding notes, with maturities up to 397 days from the date of issuance. We had no outstanding obligations under the program at September 30, 2020. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Credit facility. We have an unsecured $5.0 billion revolving credit facility (the "Credit Facility") which expires on July 25, 2024. There were no borrowings under the Credit Facility as of September 30, 2020. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Senior notes. In fiscal 2020, we issued fixed-rate senior notes in public offerings in an aggregate principal amount of $7.3 billion with maturities between 7 and 30 years. See *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

U.S. Litigation escrow account. Pursuant to the terms of the U.S. retrospective responsibility plan, which was created to insulate Visa and our class A common shareholders from financial liability for certain litigation cases, we maintain a U.S. litigation escrow account from which monetary liabilities from settlements of, or judgments in, the U.S. covered litigation will be payable. When we fund the U.S. litigation escrow account, the shares of class B common stock held by our stockholders are subject to dilution through an adjustment to the conversion rate of the shares of class B common stock to shares of class A common stock. The balance in this account at September 30, 2020, was $0.9 billion and is reflected as restricted cash equivalents in our consolidated balance sheets. As these funds are restricted for the sole purpose of making payments related to the U.S. covered litigation matters, as described below under *Uses of Liquidity*, we do not rely on them for other operational needs. See *Note 5—U.S. and Europe Retrospective Responsibility Plans* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Credit Ratings

At September 30, 2020, our credit ratings by Standard and Poor's and Moody's were as follows:

	Standard and Poor's		Moody's	
Debt type	**Rating**	**Outlook**	**Rating**	**Outlook**
Short-term unsecured debt	A-1+	Stable	P-1	Stable
Long-term unsecured debt	AA-	Stable	Aa3	Stable

Various factors affect our credit ratings, including changes in our operating performance, the economic environment, conditions in the electronic payment industry, our financial position and changes in our business strategy. We do not currently foresee any reasonable circumstances under which our credit ratings would be significantly downgraded. If a downgrade were to occur, it could adversely impact, among other things, our future borrowing costs and access to capital markets.

Uses of Liquidity

Payments settlement. Payments settlement due to and from our financial institution clients can represent a substantial daily liquidity requirement. Most U.S. dollar settlements are settled within the same day and do not result in a receivable or payable balance, while settlements in currencies other than the U.S. dollar generally remain outstanding for one to two business days, which is consistent with industry practice for such transactions. In general, during fiscal 2020, we were not required to fund settlement-related working capital. Our average daily net settlement position was a net payable of $452 million. We hold approximately $7.7 billion of available liquidity globally as of September 30, 2020, in the form of cash, cash equivalents and available-for-sale investment securities, to fund daily settlement in the event one or more of our financial institution clients are unable to settle.

U.S. covered litigation. We are parties to legal and regulatory proceedings with respect to a variety of matters, including certain litigation that we refer to as the U.S. covered litigation. As noted above, monetary liabilities from settlements of, or judgments in, the U.S. covered litigation are payable from the U.S. litigation escrow account. In September 2018, Visa and other defendants entered into an Amended Settlement Agreement with plaintiffs in the interchange multidistrict litigation purporting to represent a class of plaintiffs seeking monetary damages, which superseded and amended the 2012 Settlement Agreement. In December 2019, the district court granted final approval of the Amended Settlement Agreement relating to claims by the Damages Class, which was subsequently appealed. Settlement discussions with plaintiffs purporting to act on behalf of the putative Injunctive Relief Class are ongoing.

During fiscal 2020, we have 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. At September 30, 2020, the U.S. litigation escrow account had an available balance of $0.9 billion for settlement with opt-out merchants.

Other litigation. Judgments in and settlements of litigation, other than the U.S. covered litigation, including VE territory covered litigation or other fines imposed in investigations and proceedings, could give rise to future liquidity needs.

Common stock repurchases. During fiscal 2020, we repurchased 44 million shares of our class A common stock in the open market for $8.1 billion. As of September 30, 2020, our January 2020 Program had remaining authorized funds of $5.5 billion. See *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Dividends. During fiscal 2020, we declared and paid $2.7 billion in dividends at a quarterly rate of $0.30 per share. On October 23, 2020, our 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). We expect to pay approximately $703 million in connection with this dividend on December 1, 2020. See *Note 15—Stockholders' Equity* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report. We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. All preferred and class B and C common stock will share ratably on an as-converted basis in such future dividends.

Pension and other postretirement benefits. We sponsor various qualified and non-qualified defined benefit pension and other postretirement benefit plans that provide for retirement and medical benefits for substantially all employees residing in the U.S. As a result of the acquisition of Visa Europe, we assumed the obligations related to Visa Europe's defined benefit plan, primarily consisting of the UK pension plans. Our policy with respect to our U.S. qualified pension plan is to contribute annually in September of each year, an amount not less than the minimum required under the Employee Retirement Income Security Act. Our U.S. non-qualified pension and other postretirement benefit plans are funded on a current basis. In relation to the Visa Europe UK pension plans, our funding policy is to contribute in accordance with the appropriate funding requirements agreed with the trustees of our UK pension plans. Additional amounts may be agreed with the UK pension plan trustees. In fiscal 2020, we made contributions to our U.S. pension and other postretirement benefit plans of $3 million and to our Visa Europe's UK pension plans of $22 million. In fiscal 2021, given current projections and assumptions, we anticipate funding our U.S. pension and other postretirement benefit plans and Visa Europe's UK defined benefit pension plans by approximately $2 million and $10 million, respectively. The actual contribution amount will vary depending upon the funded status of the pension plan, movements in the discount rate, performance of the plan assets and related tax consequences. See *Note 11—Pension and Other Postretirement Benefits* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Capital expenditures. Our capital expenditures decreased slightly during fiscal 2020. We expect to continue investing in technology assets and payments system infrastructure to support our digital solutions and core business initiatives.

Senior notes. A principal payment of $3.0 billion is due on December 14, 2020 on our fixed-rate senior notes issued in December 2015, for which we have sufficient liquidity. See *Note 10—Debt to* our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Acquisitions. In fiscal 2020, we entered into a definitive agreement to acquire Plaid Inc. for $5.3 billion. We will pay approximately $4.9 billion of cash and $0.4 billion of retention equity and deferred equity consideration. On November 5, 2020, the U.S. Department of Justice filed a complaint in the U.S. District Court for the Northern District of California seeking a permanent injunction to prevent Visa from acquiring Plaid. See *Note 2—Acquisitions* and *Note 20—Legal Matters* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are primarily comprised of guarantees and indemnifications. Visa has no off-balance sheet arrangements, other than purchase order commitments, as discussed and reflected in our contractual obligations table below.

Indemnifications

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

In the ordinary course of business, we enter into contractual arrangements with financial institutions and other clients and partners under which we may agree to indemnify the client for certain types of losses incurred relating to the services we provide or otherwise relating to our performance under the applicable agreement.

(1)

(2)

(3)

(4)

Contractual Obligations

Our contractual commitments will have an impact on our future liquidity. The contractual obligations identified in the table below include both on- and off-balance sheet transactions that represent a material, expected or contractually committed future obligation as of September 30, 2020. We believe that we will be able to fund these obligations through cash generated from our operations and available credit facilities.

	Payments Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(in millions)				
Debt[1]	$ 3,643	$ 4,411	$ 1,046	$ 23,754	$ 32,854
Purchase obligations[2]	1,541	746	413	712	3,412
Leases[3]	108	216	209	554	1,087
Transition tax[4]	86	162	369	264	881
Dividends[5]	703	—	—	—	703
Total[6],[7],[8]	**$ 6,081**	**$ 5,535**	**$ 2,037**	**$ 25,284**	**$ 38,937**

(1) Amounts presented include payments for both interest and principal. Also see *Note 10—Debt* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

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

(3) Includes operating leases for premises and equipment, which range in original lease terms from less than one year to twenty-six years.

(4) Amounts presented relate to the estimated transition tax, net of foreign tax credit carryovers, on certain foreign earnings of non-U.S. subsidiaries. See *Note 19—Income Taxes* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

(5) Includes expected dividend amount of $703 million as dividends were declared on October 23, 2020 and will be paid on December 1, 2020 to all holders of record of Visa's common and preferred stock as of November 13, 2020.

(6) We have liabilities for uncertain tax positions of $2.0 billion as of September 30, 2020. At September 30, 2020, we had also accrued $233 million of interest and $31 million of penalties associated with our uncertain tax positions. We cannot determine the range of cash payments that will be made and the timing of the cash settlements, if any, associated with our uncertain tax positions. Therefore, no amounts related to these obligations have been included in the table.

(7) We evaluate the need to make contributions to our pension plan after considering the funded status of the pension plan, movements in the discount rate, performance of the plan assets and related tax consequences. Expected contributions to our pension plan have not been included in the table as such amounts are dependent upon the considerations discussed above, and may result in a wide range of amounts. See *Note 11—Pension and Other Postretirement Benefits* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report and the *Liquidity and Capital Resources* section of this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

(8) Future cash payments for long-term contracts with financial institution clients and other business partners are not included in the table as the amounts are unknowable due to the inherent unpredictability of payment and transaction volume. These agreements, which range in terms from less than one to fifteen years, can provide card issuance and/or conversion support, volume/growth targets or marketing and program support based on specific performance requirements. As of September 30, 2020, we have $4.4 billion of client incentives liability recorded on the consolidated balance sheet related to these arrangements.

Critical Accounting Estimates

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

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

Revenue Recognition—Client Incentives

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

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

Impact if actual results differ from assumptions. If actual performance is not consistent with our estimates, client incentives may be materially different than initially recorded. Increases in incentive payments are generally driven by increased payments and transaction volume, which drive our net revenues. As a result, in the event incentive payments exceed estimates, such payments are not expected to have a material effect on our financial condition, results of operations or cash flows. The cumulative impact of a revision in estimates is recorded in the period such revisions become probable and estimable. For the year ended September 30, 2020, client incentives represented 23% of gross revenues.

Legal and Regulatory Matters

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

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

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

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

Income Taxes

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

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

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

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Foreign Currency Exchange Rate Risk

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

At September 30, 2020 and 2019, the aggregate notional amounts of our foreign currency forward contracts outstanding in our exchange rate risk management program, including contracts not designated for cash flow hedge accounting, were $3.9 billion and $3.1 billion, respectively. The aggregate notional amount outstanding at September 30, 2020 is fully consistent with our strategy and treasury policy aimed at reducing foreign exchange risk below a predetermined and approved threshold. However, actual results could materially differ from our forecast. The effect of a hypothetical 10% strengthening or weakening in the value of the functional currencies at September 30, 2020 is estimated to create an additional fair value gain of approximately $210 million or loss of approximately $260 million, respectively, on our outstanding foreign currency forward contracts. The gain or loss from this hypothetical strengthening or weakening would be largely offset by a corresponding gain or loss on our cash flows from foreign currency-denominated revenues and payments. See *Note 1—Summary of Significant Accounting Policies* and *Note 13—Derivative Financial Instruments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

We are further exposed to foreign currency exchange rate risk related to translation as the functional currency of Visa Europe is the euro. Translation from the euro to the U.S. dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets. A hypothetical 10% change in the euro against the U.S. dollar compared to the exchange rate at September 30, 2020, would result in a foreign currency translation adjustment of $2.2 billion. See *Note 1—Summary of Significant Accounting Policies* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

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

Interest Rate Risk

Our investment portfolio assets are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income. Historically, we have been able to hold investments until maturity. Neither our statements of operations or cash flows have been, nor are they expected to be, materially impacted by a sudden change in market interest rates.

The fair value of our fixed-rate investment securities at September 30, 2020 and 2019 were $4.0 billion and $1.8 billion, respectively. The fair value of our adjustable-rate debt securities were $2.0 billion and $4.6 billion at September 30, 2020 and 2019, respectively. A hypothetical 100 basis point increase in interest rates would create an estimated decrease in fair value of approximately $3.5 million on our investment securities at September 30, 2020. A hypothetical 100 basis point decrease in interest rates would create an estimated increase in fair value of approximately $7.2 million on our investment securities at September 30, 2020.

In fiscal 2019, we entered into interest rate and cross-currency swap agreements on a portion of our outstanding senior notes that allow us to manage our interest rate exposure through a combination of fixed and floating rates and reduce our overall cost of borrowing. Together these swap agreements effectively convert a portion of our U.S. dollar denominated fixed-rate payments into euro denominated floating-rate payments. By entering into interest rate swaps, we have assumed risks associated with market interest rate fluctuations. A hypothetical 100 basis point increase in interest rates would have resulted in an increase of approximately $30 million in annual interest expense. See *Note 13—Derivative Financial Instruments* to our consolidated financial statements included in *Item 8—Financial Statements and Supplementary Data* of this report.

Equity Investment Risk

As of September 30, 2020 and 2019, the carrying value of our non-marketable equity securities was $1.0 billion and $0.7 billion, respectively. These investments are subject to a wide variety of market-related risks that could substantially reduce or increase the fair value of our holdings. A decline in financial condition or operating results of these investments could result in a loss of all or a substantial part of our carrying value in these companies. We regularly review our non-marketable equity securities for possible impairment, which generally involves an analysis of the facts and changes in circumstances influencing the investment, expectations of the entity's cash flows and capital needs, and the viability of its business model.

Pension Plan Risk

At September 30, 2020 and 2019, our U.S. defined benefit pension plan assets were $1.1 billion and projected benefit obligations were $0.9 billion at each year end. A material adverse decline in the value of pension plan assets and/or in the discount rate for benefit obligations would result in a decrease in the funded status of the pension plan, an increase in pension cost and an increase in required funding. A hypothetical 10% decrease in the value of pension plan assets and a 1% decrease in the discount rate as of September 30, 2020 would result in an aggregate decrease of approximately $221 million in the funded status and an increase of approximately $44 million in pension cost.

At September 30, 2020 and 2019, our non-U.S. defined benefit pension plan assets were $0.5 billion at each year end and projected benefit obligations were $0.6 billion and $0.5 billion, respectively. A material adverse decline in the value of pension plan assets and/or in the discount rate for benefit obligations would result in a decrease in the funded status of the pension plan, an increase in pension cost and an increase in required funding. A hypothetical 10% decrease in the value of pension plan assets and a 1% decrease in the discount rate as of September 30, 2020 would result in an aggregate decrease of approximately $194 million in the funded status and an increase of approximately $17 million in pension cost.

We will continue to monitor the performance of pension plan assets and market conditions as we evaluate the amount of our contribution to the pension plans for fiscal 2021, if any, which would be made in September 2021.

ITEM 8. Financial Statements and Supplementary Data

VISA INC.
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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Visa Inc.:

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

We have audited the accompanying consolidated balance sheets of Visa Inc. and subsidiaries (the Company) as of September 30, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended September 30, 2020 and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2020, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for revenue from contracts with customers in the year ended September 30, 2019 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers (Topic 606)".

Basis for Opinions

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

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

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

Report of Independent Registered Public Accounting Firm—(Continued)

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matter

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

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

As discussed in Note 20 to the consolidated financial statements, the Company is involved in various legal proceedings including the *Interchange Multidistrict Litigation (MDL) - Individual Merchant Actions*, and has recorded an accrued litigation liability of $914 million as of September 30, 2020. In preparing its consolidated financial statements, the Company is required to assess the probability of loss associated with each legal proceeding and amount of such loss, if any. The outcome of legal proceedings to which the Company is a party is not within the complete control of the Company or may not be known for prolonged periods of time.

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

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

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Report of Independent Registered Public Accounting Firm—(Continued)

/s/ KPMG LLP

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

Santa Clara, California
November 19, 2020

VISA INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2020	September 30, 2019
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	$ 16,289	$ 7,838
Restricted cash equivalents—U.S. litigation escrow	901	1,205
Investment securities	3,752	4,236
Settlement receivable	1,264	3,048
Accounts receivable	1,618	1,542
Customer collateral	1,850	1,648
Current portion of client incentives	1,214	741
Prepaid expenses and other current assets	757	712
Total current assets	27,645	20,970
Investment securities	231	2,157
Client incentives	3,175	2,084
Property, equipment and technology, net	2,737	2,695
Goodwill	15,910	15,656
Intangible assets, net	27,808	26,780
Other assets	3,413	2,232
Total assets	$ 80,919	$ 72,574
Liabilities		
Accounts payable	$ 174	$ 156
Settlement payable	1,736	3,990
Customer collateral	1,850	1,648
Accrued compensation and benefits	821	796
Client incentives	4,176	3,997
Accrued liabilities	1,840	1,625
Current maturities of debt	2,999	—
Accrued litigation	914	1,203
Total current liabilities	14,510	13,415
Long-term debt	21,071	16,729
Deferred tax liabilities	5,237	4,807
Other liabilities	3,891	2,939
Total liabilities	44,709	37,890
Commitments and contingencies (Note 18)		
Equity		
Preferred stock, $0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:		
Series A convertible participating preferred stock, less than one and no shares issued and outstanding at September 30, 2020 and 2019 (the "series A preferred stock"), respectively	2,437	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at September 30, 2020 and 2019 (the "UK&I preferred stock")	1,106	2,285
Series C convertible participating preferred stock, 3 shares issued and outstanding at September 30, 2020 and 2019 (the "Europe preferred stock")	1,543	3,177
Class A common stock, $0.0001 par value, 2,001,622 shares authorized, 1,683 and 1,718 shares issued and outstanding at September 30, 2020 and 2019, respectively	—	—
Class B common stock, $0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at September 30, 2020 and 2019	—	—
Class C common stock, $0.0001 par value, 1,097 shares authorized, 11 shares issued and outstanding at September 30, 2020 and 2019	—	—
Right to recover for covered losses	(39)	(171)
Additional paid-in capital	16,721	16,541
Accumulated income	14,088	13,502
Accumulated other comprehensive income (loss), net:		
Investment securities	3	6
Defined benefit pension and other postretirement plans	(196)	(192)
Derivative instruments	(291)	199
Foreign currency translation adjustments	838	(663)
Total accumulated other comprehensive income (loss), net	354	(650)

Total equity		**36,210**		34,684
Total liabilities and equity	**$**	**80,919**	$	72,574

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

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended September 30,		
	2020	2019	2018
	(in millions, except per share data)		
Net revenues	$ **21,846**	$ 22,977	$ 20,609
Operating Expenses			
Personnel	**3,785**	3,444	3,170
Marketing	**971**	1,105	988
Network and processing	**727**	721	686
Professional fees	**408**	454	446
Depreciation and amortization	**767**	656	613
General and administrative	**1,096**	1,196	1,145
Litigation provision	**11**	400	607
Total operating expenses	**7,765**	7,976	7,655
Operating income	**14,081**	15,001	12,954
Non-operating Income (Expense)			
Interest expense, net	**(516)**	(533)	(612)
Investment income and other	**225**	416	464
Total non-operating income (expense)	**(291)**	(117)	(148)
Income before income taxes	**13,790**	14,884	12,806
Income tax provision	**2,924**	2,804	2,505
Net income	$ **10,866**	$ 12,080	$ 10,301
Basic Earnings Per Share			
Class A common stock	$ **4.90**	$ 5.32	$ 4.43
Class B common stock	$ **7.94**	$ 8.68	$ 7.28
Class C common stock	$ **19.58**	$ 21.30	$ 17.72
Basic Weighted-average Shares Outstanding			
Class A common stock	**1,697**	1,742	1,792
Class B common stock	**245**	245	245
Class C common stock	**11**	12	12
Diluted Earnings Per Share			
Class A common stock	$ **4.89**	$ 5.32	$ 4.42
Class B common stock	$ **7.93**	$ 8.66	$ 7.27
Class C common stock	$ **19.56**	$ 21.26	$ 17.69
Diluted Weighted-average Shares Outstanding			
Class A common stock	**2,223**	2,272	2,329
Class B common stock	**245**	245	245
Class C common stock	**11**	12	12

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

VISA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
Net income	$ 10,866	$ 12,080	$ 10,301
Other comprehensive income (loss), net of tax:			
Investment securities:			
Net unrealized gain (loss)	1	20	94
Income tax effect	—	(5)	(19)
Reclassification adjustments	(3)	1	(215)
Income tax effect	1	—	50
Defined benefit pension and other postretirement plans:			
Net unrealized actuarial gain (loss) and prior service credit (cost)	(7)	(174)	16
Income tax effect	1	36	(5)
Reclassification adjustments	18	9	5
Income tax effect	(3)	(2)	(1)
Derivative instruments:			
Net unrealized gain (loss)	(547)	233	90
Income tax effect	119	(25)	(24)
Reclassification adjustments	(81)	(85)	32
Income tax effect	19	16	(2)
Foreign currency translation adjustments	1,511	(1,228)	(352)
Other comprehensive income (loss), net of tax	1,029	(1,204)	(331)
Comprehensive income	$ 11,895	$ 10,876	$ 9,970

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

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Preferred Stock		Common Stock								
	Series B	Series C	Class A	Class B	Class C	Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss), Net	Total Equity
	(in millions, except per share data)										
Balance as of September 30, 2017	2	3	1,818	245	13	$ 5,526	$ (52)	$ 16,900	$ 9,508	$ 878	$32,760
Net income									10,301		10,301
Other comprehensive income (loss), net of tax										(331)	(331)
Comprehensive income											9,970
VE territory covered losses incurred							(11)				(11)
Recovery through conversion rate adjustment						(56)	56				—
Conversion of class C common stock upon sales into public market			4		(1)						—
Vesting of restricted stock and performance-based shares			2								—
Share-based compensation, net of forfeitures			— [(1)]					327			327
Restricted stock and performance-based shares settled in cash for taxes			(1)					(94)			(94)
Cash proceeds from issuance of common stock under employee equity plans			3					164			164
Cash dividends declared and paid, at a quarterly amount of $0.195 per class A common stock in the first quarter and $0.210 per class A common stock for the rest of the fiscal year									(1,918)		(1,918)
Repurchase of class A common stock			(58)					(619)	(6,573)		(7,192)
Balance as of September 30, 2018	2	3	1,768	245	12	$ 5,470	$ (7)	$ 16,678	$ 11,318	$ 547	$34,006

(1) Decrease in Class A common stock related to forfeitures of restricted stock awards is less than one million shares.

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

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

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

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

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

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

September 30, 2020	**—**	**2**	**3**	**1,683**	**245**	**11**	**$ 5,086**	**$ (39)**	**$ 16,721**	**$ 14,088**	**$ 354**	**$ 36,210**

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

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

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended September 30,		
	2020	**2019**	**2018**
	(in millions)		
Operating Activities			
Net income	$ **10,866**	$ 12,080	$ 10,301
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Client incentives	**6,664**	6,173	5,491
Share-based compensation	**416**	407	327
Depreciation and amortization of property, equipment, technology and intangible assets	**767**	656	613
Deferred income taxes	**307**	214	(1,277)
VE territory covered losses incurred	**(37)**	(172)	(11)
Other	**(145)**	(271)	(64)
Change in operating assets and liabilities:			
Settlement receivable	**1,858**	(1,533)	(223)
Accounts receivable	**(43)**	(333)	(70)
Client incentives	**(8,081)**	(6,430)	(4,682)
Other assets	**(402)**	(310)	59
Accounts payable	**21**	(24)	3
Settlement payable	**(2,384)**	1,931	262
Accrued and other liabilities	**923**	627	1,760
Accrued litigation	**(290)**	(231)	452
Net cash provided by (used in) operating activities	**10,440**	12,784	12,941
Investing Activities			
Purchases of property, equipment and technology	**(736)**	(756)	(718)
Investment securities:			
Purchases	**(2,075)**	(2,653)	(5,772)
Proceeds from maturities and sales	**4,510**	3,996	3,636
Acquisitions, net of cash and restricted cash acquired	**(77)**	(699)	(196)
Purchases of / contributions to other investments	**(267)**	(501)	(50)
Other investing activities	**72**	22	16
Net cash provided by (used in) investing activities	**1,427**	(591)	(3,084)
Financing Activities			
Repurchase of class A common stock	**(8,114)**	(8,607)	(7,192)
Proceeds from issuance of senior notes	**7,212**	—	—
Repayments of debt	**—**	—	(1,750)
Dividends paid	**(2,664)**	(2,269)	(1,918)
Payment of deferred purchase consideration related to the Visa Europe acquisition	**—**	(1,236)	—
Cash proceeds from issuance of common stock under employee equity plans	**190**	162	164
Restricted stock and performance-based shares settled in cash for taxes	**(160)**	(111)	(94)
Payments to settle derivative instruments	**(333)**	—	—
Other financing activities	**(99)**	—	—
Net cash provided by (used in) financing activities	**(3,968)**	(12,061)	(10,790)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	**440**	(277)	(101)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	**8,339**	(145)	(1,034)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	**10,832**	10,977	12,011
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	$ **19,171**	$ 10,832	$ 10,977
Supplemental Disclosure			
Cash paid for income taxes, net	$ **2,671**	$ 2,648	$ 2,285
Interest payments on debt	$ **537**	$ 537	$ 545
Charitable contribution of investment securities to Visa Foundation	$ **—**	$ —	$ 195
Accruals related to purchases of property, equipment and technology	$ **38**	$ 95	$ 77

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

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

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

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

Use of estimates. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Future actual results could differ materially from these estimates. The worldwide spread of coronavirus ("COVID-19") has created 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. The use of estimates in specific accounting policies is described further below as appropriate.

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

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

Investments and fair value. The Company measures certain assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are reported under a three-level valuation hierarchy. See *Note 6—Fair Value Measurements and Investments.*

Marketable equity securities. Marketable equity securities, which are reported in investment securities on the consolidated balance sheets, include mutual fund investments related to various employee compensation and benefit plans. Trading activity in these investments is at the direction of the Company's employees. These investments are held in a trust and are not available for the Company's operational or liquidity needs. Interest and dividend income as well as gains and losses, realized and unrealized, from changes in fair value are recorded in non-operating income (expense), and offset in personnel expense on the consolidated statements of operations.

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

The Company evaluates its debt securities for other-than-temporary impairment ("OTTI") on an ongoing basis. When there has been a decline in fair value of a debt security below the amortized cost basis, the Company recognizes OTTI if: (1) it has the intent to sell the security; (2) it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis; or (3) it does not expect to recover the entire amortized cost basis of the security.

Non-marketable equity securities. The Company's non-marketable equity securities, which are reported in other assets on the consolidated balance sheets, include investments in privately held companies without readily determinable market values. The Company adjusts the carrying value of its non-marketable equity securities to fair value when transactions for identical or similar investments of the same issuer are observable. All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in non-operating income (expense).

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

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

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

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

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

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

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

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

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

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

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

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

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

Finite-lived intangible assets primarily consist of customer relationships, reseller relationships and trade names obtained through acquisitions. Finite-lived intangible assets are amortized on a straight-line basis and are tested for recoverability if events or changes in circumstances indicate that their carrying amounts may not be recoverable. These intangibles have useful lives ranging from 3 to 15 years. No events or changes in circumstances indicate that impairment existed as of September 30, 2020. See *Note 8—Intangible Assets and Goodwill.*

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

The Company completed its annual impairment review of indefinite-lived intangible assets as of February 1, 2020, and concluded there was no impairment as of that date. No recent events or changes in circumstances indicate that impairment of the Company's indefinite-lived intangible assets existed as of September 30, 2020.

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

The Company evaluated its goodwill for impairment as of February 1, 2020, and concluded there was no impairment as of that date. No recent events or changes in circumstances indicate that impairment existed as of September 30, 2020.

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

Revenue recognition. The Company adopted Accounting Standards Update (ASU) 2014-09 effective October 1, 2018 using the modified retrospective transition method. Results for reporting periods beginning after October 1, 2018 are presented under the new revenue standard. The comparative prior period amounts appearing on the financial statements have not been restated and continue to be reported under the prior revenue standard.

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

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

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

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

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

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

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

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

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

Pension and other postretirement benefit plans. The Company's defined benefit pension and other postretirement benefit plans are actuarially evaluated, incorporating various critical assumptions including the discount rate and the expected rate of return on plan assets (for qualified pension plans). The discount rate is based on a cash flow matching analysis, with the projected benefit payments matching spot rates from a yield curve developed from high-quality corporate bonds. The expected rate of return on pension plan assets is primarily based on the targeted allocation, and evaluated for reasonableness by considering such factors as: (i) actual return on plan assets; (ii) historical rates of return on various asset classes in the portfolio; (iii) projections of returns on various asset classes; and (iv) current and prospective capital market conditions and economic forecasts. Any difference between actual and expected plan experience, including asset return experience, in excess of a 10% corridor is recognized in net periodic pension cost over the expected average employee future service period, which ranges from approximately 6 to 10 years for the U.S. and non-U.S. pension plans. Other assumptions involve demographic factors such as retirement age, mortality, attrition and the rate of compensation increases. The Company evaluates assumptions annually and modifies them as appropriate.

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

Foreign currency remeasurement and translation. The Company's functional currency is the U.S. dollar for the majority of its foreign operations except for Visa Europe whose functional currency is the euro. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the functional currency using exchange rates in effect at the balance sheet dates. Non-monetary assets and liabilities are remeasured at historical exchange rates. Resulting foreign currency transaction gains and losses related to conversion and remeasurement are recorded in general and administrative expense in the consolidated statements of operations and were not material for fiscal 2020, 2019 and 2018.

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

Derivative financial instruments. The Company uses foreign exchange forward derivative contracts to reduce its exposure to foreign currency rate changes on forecasted non-functional currency denominated operational cash flows. The terms of these derivative contracts designated as cash flow hedges are generally less than 12 months. To qualify for cash flow hedge accounting treatment, the Company formally documents, at inception of the hedge, all relationships between the hedging transactions and the hedged items, as well as the Company's risk management objective and strategy for undertaking various hedging transactions. The Company also formally assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items and whether those derivatives may be expected to remain highly effective in future periods.

Derivatives are carried at fair value on a gross basis on the consolidated balance sheets. Gains and losses resulting from changes in fair value of derivative instruments designated as cash flow hedges are accounted for either in accumulated other comprehensive income (loss) on the consolidated balance sheets, or in the consolidated statements of operations in the corresponding account where revenue or expense is recorded. Gains and losses resulting from changes in fair value of derivative instruments not designated for hedge accounting are recorded in general and administrative expense for hedges of operating activity, or non-operating income (expense) for hedges of non-operating activity.

Gains and losses related to changes in fair value hedges are recognized in non-operating income (expense) along with a corresponding loss or gain related to the change in value of the underlying hedged item in the same line item in the consolidated statement of operations. The change in value of net investment hedges are recorded in other comprehensive income (loss). Amounts excluded from the effectiveness testing of net investment hedges are recognized in non-operating income (expense). Cash flows associated with derivatives designated as a fair value hedge may be included in operating, investing or financing activities on the consolidated statement of cash flows, depending on the classification of the items being hedged. Cash flows associated with financial instruments designated as net investment hedges are classified as an investing activity. See *Note 13—Derivative Financial Instruments.*

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

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

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, which requires the recognition of lease assets and lease liabilities arising from operating leases on the balance sheet. Subsequently, the FASB also issued a series of amendments to this new lease standard that address the transition methods available and clarify the guidance for lessor costs and other aspects of the new lease standard. The Company adopted the standard effective October 1, 2019 using the modified retrospective transition method with comparative periods continuing to be reported using the prior leases standard. The Company elected to apply the package of practical expedients permitted under the transition guidance, allowing the Company to carry forward the historical assessment of whether a contract was or contains a lease, lease classification and capitalization of initial direct costs. The adoption did not have a material impact on the consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, which allows a reclassification from accumulated other comprehensive income to retained earnings for adjustments to tax effects that were originally recorded in other comprehensive income due to changes in the U.S. federal corporate income tax rate resulting from the enactment of the U.S. tax reform legislation on December 22, 2017, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Company adopted the ASU effective October 1, 2019. The adoption did not have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, and also issued subsequent amendments, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The amendments in the ASU are effective for the Company on October 1, 2020. The Company is evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

In December 2019, the FASB issued 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 for the Company on October 1, 2021. The Company does not plan to early adopt the ASU at this time. The adoption is not expected to have a material impact on the 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 for the Company on October 1, 2021. The adoption is not expected to have a material impact on the 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. The amendments in the ASU are effective for the Company upon issuance through December 31, 2022. The Company is evaluating the effect ASU 2020-04 will have on its consolidated financial statements.

Note 2—Acquisitions

Pending Acquisition. On January 13, 2020, the Company entered into a definitive agreement to acquire Plaid Inc. for $5.3 billion. The Company will pay approximately $4.9 billion of cash and $0.4 billion of retention equity and deferred equity consideration. This acquisition is subject to customary closing conditions, including regulatory reviews and approvals. On November 5, 2020, the U.S. Department of Justice filed a complaint in the U.S. District Court for the Northern District of California seeking a permanent injunction to prevent Visa from acquiring Plaid. See *Note 20—Legal Matters.*

Fiscal 2019 Acquisitions. The Company acquired several businesses for a total purchase consideration of $942 million, which consisted of $888 million in cash and $54 million of deferred cash consideration. The allocation of the purchase price to the tangible and intangible assets acquired and to liabilities have been completed as of September 30, 2020. There were no material adjustments to the preliminary purchase price allocation as of September 30, 2019. Goodwill was recorded to reflect the excess purchase consideration over net assets acquired, which represents the value that is expected from expanding the Company's product offerings and other synergies. Goodwill that is expected to be deductible for tax purposes amounts to approximately $360 million.

The following table summarizes the purchase price allocation in aggregate for the businesses acquired:

	Purchase Price Allocation (in millions)
Net tangible assets acquired (liabilities assumed)	$ 23
Intangible assets	319
Goodwill	647
Total[(1)]	**$ 989**

(1) Includes fair value of previously-held interest in the acquired entities of $47 million.

The following table summarizes the identified intangible assets acquired based on the purchase price allocations:

	Acquisition Date Fair Value (in millions)	Weighted-Average Useful Life (in years)
Developed technologies	$ 70	4
Customer relationships	249	12
Total	**$ 319**	10

Pro forma information related to the acquisitions has not been presented as the impact was not material to the Company's financial results. Transaction costs incurred were not material and were included in the Company's consolidated statements of operations.

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Note 3—Revenues

The nature, amount, timing and uncertainty of the Company's revenues and cash flows and how they are affected by economic factors are most appropriately depicted through the Company's revenue categories and geographical markets. The following tables disaggregate the Company's net revenues by revenue category and by geography for the years ended September 30, 2020, 2019, and 2018:

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
Service revenues	$ 9,804	$ 9,700	$ 8,918
Data processing revenues	10,975	10,333	9,027
International transaction revenues	6,299	7,804	7,211
Other revenues	1,432	1,313	944
Client incentives	(6,664)	(6,173)	(5,491)
Net revenues	$ 21,846	$ 22,977	$ 20,609

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
U.S.	$ 10,125	$ 10,279	$ 9,332
International	11,721	12,698	11,277
Net revenues	$ 21,846	$ 22,977	$ 20,609

Remaining performance obligations are comprised of deferred revenue and unbilled contract revenues that will be invoiced and recognized as revenues in future periods primarily related to value added services. As of September 30, 2020, the remaining performance obligations were $1.4 billion. The Company expects approximately half to be recognized as revenue in the next two years and the remaining thereafter. However, the amount and timing of revenue recognition is affected by several factors, including contract modifications and terminations, which could impact the estimate of amounts allocated to remaining performance obligations and when such revenues could be recognized.

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

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

	September 30,		
	2020	2019	2018
		(in millions)	
Cash and cash equivalents	$ 16,289	$ 7,838	$ 8,162
Restricted cash and restricted cash equivalents:			
U.S. litigation escrow	901	1,205	1,491
Customer collateral	1,850	1,648	1,324
Prepaid expenses and other current assets	131	141	—
Cash, cash equivalents, restricted cash and restricted cash equivalents	$ 19,171	$ 10,832	$ 10,977

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

U.S. Retrospective Responsibility Plan

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

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

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

U.S. litigation escrow agreement. In accordance with the U.S. litigation escrow agreement, the Company maintains an escrow account, from which settlements of, or judgments in, the U.S. covered litigation are paid. The amount of the escrow is determined by the board of directors and the Company's litigation committee, all members of which are affiliated with, or act for, certain Visa U.S.A. members. The escrow funds are held in money market investments along with the interest earned, less applicable taxes and are classified as restricted cash equivalents on the consolidated balance sheets.

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

	2020	2019
	(in millions)	
Balance at beginning of period	$ 1,205	$ 1,491
Return of takedown payment to the litigation escrow account	467	—
Deposits into the litigation escrow account	—	300
Payments to class plaintiffs' settlement fund[1]	—	(600)
Payments to opt-out merchants[1] and interest earned on escrow funds	(771)	14
Balance at end of period	$ 901	$ 1,205

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

The accrual related to the U.S. covered litigation could be either higher or lower than the U.S. litigation escrow account balance. A takedown payment of approximately $467 million was received and deposited into the Company's litigation escrow account. The deposit into the litigation escrow account and reestablishment of a prior accrual to address opt-out claims was recorded during fiscal 2020. The Company recorded an accrual of $370 million for the U.S. covered litigation during fiscal 2019. See *Note 20—Legal Matters.*

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

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

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

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

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

Omnibus agreement. Visa entered into an omnibus agreement with Mastercard and certain Visa U.S.A. members that confirmed and memorialized the signatories' intentions with respect to the loss sharing agreement, the interchange judgment sharing agreement and other agreements relating to the interchange multidistrict litigation, see *Note 20—Legal Matters.* Under the omnibus agreement, the monetary portion of any settlement of the interchange multidistrict litigation covered by the omnibus agreement would be divided into a Mastercard portion at 33.3333% and a Visa portion at 66.6667%. In addition, the monetary portion of any judgment assigned to Visa-related claims in accordance with the omnibus agreement would be treated as a Visa portion. Visa would have no liability for the monetary portion of any judgment assigned to Mastercard-related claims in accordance with the omnibus agreement, and if a judgment is not assigned to Visa-related claims or Mastercard-related claims in accordance with the omnibus agreement, then any monetary liability would be divided into a Mastercard portion at 33.3333% and a Visa portion at 66.6667%. The Visa portion of a settlement or judgment covered by the omnibus agreement would be allocated in accordance with specified provisions of the Company's U.S. retrospective responsibility plan. The litigation provision on the consolidated statements of operations was not impacted by the execution of the omnibus agreement.

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

Europe Retrospective Responsibility Plan

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

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

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

Unlike the U.S. retrospective responsibility plan, the Europe retrospective responsibility plan does not have an escrow account that is used to fund settlements or judgments. The Company is entitled to recover VE territory covered losses through a periodic adjustment to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. The total amount of protection available through the preferred stock component of the Europe retrospective responsibility plan is equivalent to the as-converted value of the preferred stock, which can be calculated at any point in time as the product of: (a) the outstanding number of shares of preferred stock; (b) the current conversion rate applicable to each class of preferred stock; and (c) Visa's class A common stock price. This amount differs from the value of the preferred stock recorded within stockholders' equity on the Company's consolidated balance sheets. The book value of the preferred stock reflects its historical value recorded at the

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Closing less VE territory covered losses recovered through a reduction of the applicable conversion rate. The book value does not reflect changes in the underlying class A common stock price subsequent to the Closing.

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

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

VE territory covered losses may be recorded before the corresponding adjustment to the applicable conversion rate is effected. Adjustments to the conversion rate may be executed once in any six-month period unless a single, individual loss greater than €20 million is incurred, in which case, the six-month limitation does not apply. When the adjustment to the conversion rate is made, the amount previously recorded in "right to recover for covered losses" as contra-equity will then be recorded against the book value of the preferred stock within stockholders' equity. During the year ended September 30, 2020, the Company recovered $164 million 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 year ended September 30, 2020:

	Preferred Stock		
	UK&I	Europe	Right to Recover for Covered Losses
		(in millions)	
Balance as of September 30, 2019	$ 2,285	$ 3,177	$ (171)
VE territory covered losses incurred[(1)]	—	—	(37)
Recovery through conversion rate adjustment[(2)]	(72)	(92)	169
Fourth anniversary release	(1,107)	(1,542)	—
Balance as of September 30, 2020	**$ 1,106**	**$ 1,543**	**$ (39)**

(1) VE territory covered losses incurred reflect settlements with merchants and additional legal costs. See *Note 20—Legal Matters.*
(2) Adjustment to right to recover for covered losses for the conversion rate adjustment differs from the actual recovered amount due to differences in foreign exchange rates between the time the losses were incurred and the subsequent recovery through the conversion rate adjustment.

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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 shares recorded in stockholders' equity within the Company's consolidated balance sheets as of September 30, 2020 and 2019:

	September 30,			
	2020		2019	
	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	$ 3,168	$ 1,106	$ 5,519	$ 2,285
Europe preferred stock	4,331	1,543	7,539	3,177
Total	7,499	2,649	13,058	5,462
Less: right to recover for covered losses	(39)	(39)	(171)	(171)
Total recovery for covered losses available	$ 7,460	$ 2,610	$ 12,887	$ 5,291

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

(2) 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, as of September 30, 2020; (b) 6.387 and 6.861, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock outstanding, respectively, as of September 30, 2020; and (c) $199.97, Visa's class A common stock closing stock price as of September 30, 2020.

(3) 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, as of September 30, 2019; (b) 12.936 and 13.884, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock outstanding, respectively, as of September 30, 2019; and (c) $172.01, Visa's class A common stock closing stock price as of September 30, 2019.

Note 6—Fair Value Measurements and Investments

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements at September 30 Using Inputs Considered as			
	Level 1		Level 2	
	2020	2019	2020	2019
	(in millions)			
Assets				
Cash equivalents and restricted cash equivalents:				
Money market funds	$ 12,522	$ 6,494	$ —	$ —
U.S. government-sponsored debt securities	—	—	1,469	150
U.S. Treasury securities	650	—	—	—
Investment securities:				
Marketable equity securities	148	126	—	—
U.S. government-sponsored debt securities	—	—	2,582	5,592
U.S. Treasury securities	1,253	675	—	—
Other current and non-current assets:				
Derivative instruments	—	—	512	437
Total	$ 14,573	$ 7,295	$ 4,563	$ 6,179
Liabilities				
Accrued compensation and benefits:				
Deferred compensation liability	$ 135	$ 113	$ —	$ —
Accrued and other liabilities:				
Derivative instruments	—	—	181	52
Total	$ 135	$ 113	$ 181	$ 52

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

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

U.S. government-sponsored debt securities and U.S. Treasury securities. The amortized cost, unrealized gains and losses and fair value of debt securities were as follows:

	September 30,							
	2020				2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)							
U.S. government-sponsored debt securities	$ 2,581	$ 1	$ —	$ 2,582	$ 5,590	$ 4	$ (2)	$ 5,592
U.S: Treasury securities	1,251	2	—	1,253	672	3	—	675
Total	**$ 3,832**	**$ 3**	**$ —**	**$ 3,835**	$ 6,262	$ 7	$ (2)	$ 6,267
Less: current portion				**$ (3,604)**				$ (4,110)
Long-term debt securities				**$ 231**				$ 2,157

Debt securities are presented below in accordance with their stated maturities. A portion of these investments are classified as non-current as they have stated maturities of more than one year from the balance sheet date. However, these investments are generally available to meet short-term liquidity needs.

	September 30, 2020
	(in millions)
Due within one year	$ 3,604
Due after 1 year through 5 years	231
Total	**$ 3,835**

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.

During fiscal 2020 and 2019, $102 million and $110 million of upward adjustments, and $6 million and $4 million of downward adjustments including impairment, respectively, were included in the carrying value of non-marketable equity securities accounted for under the fair value measurement alternative. The following table summarizes the total carrying value of the Company's non-marketable equity securities held as of September 30, 2020 including cumulative unrealized gains and losses:

	September 30, 2020
	(in millions)
Initial cost basis	$ 841
Adjustments:	
Upward adjustments	212
Downward adjustments (including impairment)	(11)
Carrying amount, end of period	**$ 1,042**

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, trade names and reseller relationships, all of which were obtained through acquisitions. See *Note 8—Intangible Assets and Goodwill.*

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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, 2020, and concluded that there was no impairment. No recent events or changes in circumstances indicate that impairment existed at September 30, 2020. See *Note 1—Summary of Significant Accounting Policies*.

Investment Income

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

	For the Years Ended September 30,		
	2020	**2019**	**2018**
	(in millions)		
Interest and dividend income on cash and investments	**$ 80**	$ 247	$ 173
Realized gains (losses), net on debt securities	**4**	1	—
Equity securities:			
Unrealized gains (losses), net	**115**	117	2
Realized gains (losses), net from donation	**—**	—	193
Realized gains (losses), net	**1**	18	102
Investment income	**$ 200**	$ 383	$ 470

Other Fair Value Disclosures

Debt. Debt instruments are measured at amortized cost on the Company's consolidated balance sheets. The fair value of the debt instruments, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. If measured at fair value in the financial statements, these instruments would be classified as Level 2 in the fair value hierarchy. As of September 30, 2020, the carrying value and estimated fair value of debt was $24.1 billion and $26.6 billion, respectively. As of September 30, 2019, the carrying value and estimated fair value of debt was $16.7 billion and $18.4 billion, respectively.

Other Financial Instruments not Measured at Fair Value. The following financial instruments are not measured at fair value on the Company's consolidated balance sheet at September 30, 2020, but require disclosure of their fair values: settlement receivable and payable and customer collateral. The estimated fair value of such instruments at September 30, 2020 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—Property, Equipment and Technology, Net

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

	September 30,	
	2020	2019
	(in millions)	
Land	$ 71	$ 71
Buildings and building improvements	1,007	965
Furniture, equipment and leasehold improvements	1,997	1,913
Construction-in-progress	163	180
Technology	3,923	3,441
Total property, equipment and technology	7,161	6,570
Accumulated depreciation and amortization	(4,424)	(3,875)
Property, equipment and technology, net	$ 2,737	$ 2,695

Technology consists of both purchased and internally developed software. Internally developed software primarily represents software utilized by the VisaNet electronic payments network. At September 30, 2020 and 2019, accumulated amortization for technology was $2.7 billion and $2.3 billion, respectively.

At September 30, 2020, estimated future amortization expense on technology is as follows:

	For the Years Ending September 30,						
	2021	2022	2023	2024	2025	Thereafter	Total
	(in millions)						
Estimated future amortization expense	$ 419	$ 313	$ 225	$ 142	$ 62	$ 24	$ 1,185

For fiscal 2020, 2019 and 2018, depreciation and amortization expense related to property, equipment and technology was $687 million, $596 million and $558 million, respectively.

Note 8—Intangible Assets and Goodwill

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

	September 30,					
	2020			2019		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(in millions)					
Finite-lived intangible assets:						
Customer relationships	**$ 709**	**$ (376)**	**$ 333**	$ 701	$ (314)	$ 387
Trade names	**199**	**(134)**	**65**	199	(120)	79
Reseller relationships	**95**	**(89)**	**6**	95	(86)	9
Other	**17**	**(14)**	**3**	17	(13)	4
Total finite-lived intangible assets	**1,020**	**(613)**	**407**	1,012	(533)	479
Indefinite-lived intangible assets:						
Customer relationships and reacquired rights	**23,317**	**—**	**23,317**	22,217	—	22,217
Visa trade name	**4,084**	**—**	**4,084**	4,084	—	4,084
Total indefinite-lived intangible assets	**27,401**	**—**	**27,401**	26,301	—	26,301
Total intangible assets	**$ 28,421**	**$ (613)**	**$ 27,808**	$ 27,313	$ (533)	$ 26,780

For fiscal 2020, 2019 and 2018, amortization expense related to finite-lived intangible assets was $80 million, $60 million and $55 million, respectively.

At September 30, 2020, estimated future amortization expense on finite-lived intangible assets is as follows:

	For the Years Ending September 30,						
	2021	2022	2023	2024	2025	Thereafter	Total
	(in millions)						
Estimated future amortization expense	$ 81	$ 76	$ 52	$ 50	$ 40	$ 108	**$ 407**

The change in goodwill during the years ended September 30, 2020 and 2019 are as follows:

	2020	2019
	(in millions)	
Goodwill, beginning of period	**$ 15,656**	$ 15,194
Goodwill from acquisitions, net of adjustments	**48**	643
Foreign currency translation	**206**	(181)
Goodwill, end of period	**$ 15,910**	$ 15,656

For additional information on acquisitions, see *Note 2—Acquisitions.*

There was no impairment related to the Company's finite-lived or indefinite-lived intangible assets (including goodwill) during fiscal 2020, 2019 or 2018.

Note 9—Leases

The Company entered into various operating lease agreements primarily for real estate. The Company's leases have original lease periods expiring between fiscal 2021 and 2030. Many leases include one or more options to renew. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments under the Company's lease arrangements are generally fixed. At September 30, 2020, the Company had no finance leases.

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

At September 30, 2020, the present value of future minimum lease payments was as follows:

	September 30, 2020
	(in millions)
2021	$ 108
2022	103
2023	95
2024	82
2025	70
Thereafter	163
Total undiscounted lease payments	621
Less: imputed interest	(51)
Present value of lease liabilities	**$ 570**

At September 30, 2020, the Company had additional operating leases that had not yet commenced with lease obligations of $466 million. These operating leases will commence between fiscal 2021 and 2023 with non-cancellable lease terms of 1 to 15 years.

(1)

Note 10—Debt

The Company had outstanding debt as follows:

	September 30, 2020	September 30, 2019	Effective Interest Rate[1]
	(in millions, except percentages)		
2.20% Senior Notes due December 2020	**$ 3,000**	$ 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**	—	2.02 %
0.75% Senior Notes due August 2027	**500**	—	0.84 %
2.75% Senior Notes due September 2027	**750**	750	2.91 %
2.05% Senior Notes due April 2030	**1,500**	—	2.13 %
1.10% Senior Notes due February 2031	**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**	—	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**	—	2.09 %
Total debt	**24,000**	16,750	
Unamortized discounts and debt issuance costs	**(178)**	(108)	
Hedge accounting fair value adjustments[2]	**248**	87	
Total carrying value of debt	**$ 24,070**	$ 16,729	
Reported as:			
Current maturities of debt	**$ 2,999**	$ —	
Long-term debt	**21,071**	16,729	
Total carrying value of debt	**$ 24,070**	$ 16,729	

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

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

Senior Notes

The Company's outstanding senior notes, or collectively, the "Notes", are senior unsecured obligations of the Company, ranking equally and ratably among themselves and with the Company's existing and future unsecured and unsubordinated debt. The Notes are not secured by any assets of the Company and are not guaranteed by any of the Company's subsidiaries. The Company was in compliance with all related covenants as of September 30, 2020. Each series of Notes may be redeemed as a whole or in part at the Company's option at any time at specified redemption prices.

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

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

Commercial Paper Program

Visa maintains a commercial paper program to support its working capital requirements and for other general corporate purposes. Under the program, the Company is authorized to issue up to $3.0 billion in outstanding notes, with maturities up to 397 days from the date of issuance. The Company had no outstanding obligations under the program as of September 30, 2020 and 2019.

Credit Facility

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

At September 30, 2020, future principal payments on the Company's outstanding debt were as follows:

	For the Years Ending September 30,						
	2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Total**
	(in millions)						
Future principal payments	$ 3,000	$ 1,000	$ 2,250	$ —	$ —	$ 17,750	**$ 24,000**

Note 11—Pension and Other Postretirement Benefits

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

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

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

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

Under the Visa Europe plans, retirement benefits are provided based on the participants' final pensionable pay and are currently closed to new entrants. However, future benefits continue to accrue for active participants. The funding policy is to contribute in accordance with the appropriate funding requirements agreed with the trustees of the UK pension plans. Additional funding amounts may be agreed to with the UK pension plan trustees.

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Summary of Plan Activities

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

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2020	2019	2020	2019
	(in millions)			
Change in pension benefit obligation:				
Benefit obligation at beginning of period	**$ 919**	$ 844	**$ 528**	$ 452
Service cost	**—**	—	**4**	4
Interest cost	**28**	32	**10**	13
Actuarial loss (gain)	**37**	95	**11**	109
Benefit payments	**(64)**	(52)	**(17)**	(22)
Plan amendment	**—**	—	**—**	1
Foreign currency exchange rate changes	**—**	—	**27**	(29)
Benefit obligation at end of period	**$ 920**	$ 919	**$ 563**	$ 528
Accumulated benefit obligation	**$ 920**	$ 919	**$ 563**	$ 528
Change in plan assets:				
Fair value of plan assets at beginning of period	**$ 1,090**	$ 1,090	**$ 490**	$ 436
Actual return on plan assets	**114**	52	**5**	93
Company contribution	**2**	—	**22**	10
Benefit payments	**(64)**	(52)	**(17)**	(22)
Foreign currency exchange rate changes	**—**	—	**25**	(27)
Fair value of plan assets at end of period	**$ 1,142**	$ 1,090	**$ 525**	$ 490
Funded status at end of period	**$ 222**	$ 171	**$ (38)**	$ (38)
Recognized in consolidated balance sheets:				
Non-current asset	**$ 229**	$ 178	**$ —**	$ —
Current liability	**(1)**	(1)	**—**	—
Non-current liability	**(6)**	(6)	**(38)**	(38)
Funded status at end of period	**$ 222**	$ 171	**$ (38)**	$ (38)

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

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2020	2019	2020	2019
	(in millions)			
Net actuarial loss	$ 135	$ 154	$ 93	$ 70

Benefit obligations in excess of plan assets were as follows:

	U.S. Plans		Non-U.S. Plans	
	September 30,		September 30,	
	2020	2019	2020	2019
	(in millions)			
Accumulated benefit obligation in excess of plan assets				
Accumulated benefit obligation at end of period	$ (7)	$ (7)	$ (563)	$ (528)
Fair value of plan assets at end of period	$ —	$ —	$ 525	$ 490
Projected benefit obligation in excess of plan assets				
Benefit obligation at end of period	$ (7)	$ (7)	$ (563)	$ (528)
Fair value of plan assets at end of period	$ —	$ —	$ 525	$ 490

Net periodic benefit cost consist of the following:

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2020	2019	2018	2020	2019	2018
	(in millions)					
Service cost	$ —	$ —	$ —	$ 4	$ 4	$ 4
Interest cost	28	32	32	10	13	12
Expected return on assets	(72)	(71)	(70)	(15)	(18)	(20)
Amortization of actuarial loss	6	—	—	2	—	—
Settlement loss	8	7	3	—	—	—
Total net periodic benefit cost	$ (30)	$ (32)	$ (35)	$ 1	$ (1)	$ (4)

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

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

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2020	2019	2018	2020	2019	2018
	(in millions)					
Current year actuarial loss (gain)	$ (5)	$ 114	$ (47)	$ 21	$ 27	$ 30
Amortization of actuarial (loss) gain	(14)	(7)	(3)	(2)	—	—
Current year prior service cost	—	—	—	—	1	—
Total recognized in other comprehensive income (loss)	$ (19)	$ 107	$ (50)	$ 19	$ 28	$ 30
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ (49)	$ 75	$ (85)	$ 20	$ 27	$ 26

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

	U.S. Plans			Non-U.S. Plans		
	For the Years Ended September 30,					
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
Discount rate for benefit obligation:						
Pension	**2.88 %**	3.26 %	4.23 %	**1.60 %**	1.80 %	2.90 %
Discount rate for net periodic benefit cost:						
Pension	**3.27 %**	4.23 %	3.84 %	**1.80 %**	2.90 %	2.70 %
Expected long-term rate of return on plan assets	**7.00 %**	7.00 %	7.00 %	**3.00 %**	3.00 %	4.25 %
Rate of increase[(1)] in compensation levels for:						
Benefit obligation	**NA**	NA	NA	**2.50 %**	2.50 %	3.20 %
Net periodic benefit cost	**NA**	NA	NA	**2.50 %**	2.50 %	3.20 %

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

Pension Plan Assets

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

Pension plan assets are broadly diversified to maintain a prudent level of risk and to provide adequate liquidity for benefit payments. The Company generally evaluates and rebalances pension plan assets, as appropriate, to ensure that allocations are consistent with its investment strategy and within target allocation ranges. For U.S. pension plan assets, the Company's investment strategy is to invest in the following: equity securities of 35% to 65%, fixed income securities of 43% to 53% and other, primarily consisting of cash equivalents to meet near term expected benefit payments and expenses, of up to 4%. At September 30, 2020, U.S. pension plan asset allocations for these categories were 53%, 46% and 1%, respectively, which were within target allocation ranges.

For non-U.S. pension plan assets, the Company's investment strategy is to invest in the following: equity funds of 12%, interest and inflation hedging assets of 50% and other of 38%, consisting of cash and cash equivalents, corporate debt and asset-backed securities, multi-asset funds and property. At September 30, 2020, non-U.S. pension plan asset allocations for these categories were 13%, 50% and 37%, respectively, which generally aligned with the target allocations.

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September 30, 2020

The following tables set forth by level, within the fair value hierarchy, the pension plans' investments at fair value as of September 30, 2020 and 2019, including the impact of transactions that were not settled at the end of September:

	U.S. Plans							
	Fair Value Measurements at September 30 Using Inputs Considered as							
	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(in millions)							
Cash equivalents	$ 17	$ 18	$ —	$ —	$ —	$ —	$ 17	$ 18
Collective investment funds	—	—	509	580	—	—	509	580
Corporate debt securities	—	—	373	188	—	—	373	188
U.S. government-sponsored debt securities	—	—	30	35	—	—	30	35
U.S. Treasury securities	84	99	—	—	—	—	84	99
Asset-backed securities	—	—	—	—	37	37	37	37
Equity securities	92	133	—	—	—	—	92	133
Total	$ 193	$ 250	$ 912	$ 803	$ 37	$ 37	$ 1,142	$ 1,090

	Non-U.S. Plans							
	Fair Value Measurements at September 30 Using Inputs Considered as							
	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(in millions)							
Cash and cash equivalents	$ 6	$ 16	$ —	$ —	$ —	$ —	$ 6	$ 16
Equity securities	—	66	—	—	—	—	—	66
Corporate debt securities	—	—	48	44	—	—	48	44
Asset-backed securities	—	—	—	—	67	51	67	51
Equity funds	—	—	65	—	—	—	65	—
Multi-asset securities[1]	—	—	339	313	—	—	339	313
Total	$ 6	$ 82	$ 452	$ 357	$ 67	$ 51	$ 525	$ 490

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

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

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

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

Cash Flows

Expected future employer contributions and benefit payments are as follows:

	U.S. Plans	Non-U.S. Plans
	(in millions)	
Expected employer contributions		
2021	$ 1	$ 10
Expected benefit payments		
2021	130	7
2022	93	7
2023	89	8
2024	80	8
2025	74	8
2026-2030	289	43

Other Benefits

The Company sponsors a defined contribution plan, or 401(k) plan, that covers substantially all of its employees residing in the U.S. In fiscal 2020, 2019 and 2018, personnel costs included $140 million, $121 million, and $93 million, respectively, of expenses attributable to the Company's employees under the 401(k) plan. The Company's contributions to this 401(k) plan are funded on a current basis, and the related expenses are recognized in the period that the payroll expenses are incurred.

Note 12—Settlement Guarantee Management

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

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

The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time, which vary significantly day to day. During the year ended September 30, 2020, the Company's maximum settlement exposure was $97.3 billion and the average daily settlement exposure was $55.6 billion.

The Company maintains and regularly reviews global settlement risk policies and procedures to manage settlement exposure, which may require clients to post collateral if certain credit standards are not met. At September 30, 2020 and 2019, the Company held the following collateral to manage settlement exposure:

	September 30,	
	2020	2019
	(in millions)	
Restricted cash and restricted cash equivalents	$ **1,850**	$ 1,648
Pledged securities at market value	**228**	259
Letters of credit	**1,306**	1,293
Guarantees	**717**	477
Total	$ **4,101**	$ 3,677

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2020

Note 13—Derivative Financial Instruments

Designated derivative financial instrument hedges. At September 30, 2020 and 2019, the aggregate notional amount of the Company's derivative contracts outstanding in its hedge program was $10.7 billion and $10.9 billion, respectively.

Cash Flow Hedges

As of September 30, 2020 and 2019, the Company's cash flow hedges in an asset position totaled $71 million and $47 million, respectively, and were classified in prepaid expenses and other current assets on the consolidated balance sheets. As of September 30, 2020 and 2019 cash flow hedges in a liability position totaled $39 million and $31 million, respectively, and were classified in accrued liabilities on the consolidated balance sheets. These amounts are subject to master netting agreements, which provide the Company with a legal right to net settle multiple payable and receivable positions with the same counterparty, in a single currency through a single payment. However, the Company presents fair values on a gross basis on the consolidated balance sheets. See *Note 1—Summary of Significant Accounting Policies.*

The Company uses regression analysis to assess hedge effectiveness prospectively and retrospectively. The effectiveness tests are performed on foreign exchange forward contracts based on changes in the spot rate of the derivative instrument compared to changes in the spot rate of the forecasted hedged transaction. Forward points are excluded from effectiveness testing and measurement purposes. Excluded forward points are reported in earnings. For fiscal 2020, 2019 and 2018, the amounts by which earnings were reduced relating to excluded forward points from cash flow hedges were $9 million, $12 million and $9 million, respectively.

The effective portion of changes in the fair value of derivative contracts designated as cash flow hedges is recorded as a component of accumulated other comprehensive income or loss on the consolidated balance sheets. When the forecasted transaction occurs and is recognized in earnings, the amount in accumulated other comprehensive income or loss related to that hedge is reclassified to operating revenue or expense. During fiscal 2021, the Company expects to reclassify $40 million of pre-tax gains to earnings.

Net Investment and Fair Value Hedges

In fiscal 2019, the Company entered into foreign exchange forward contracts which were designated as a net investment hedge against a portion of the Company's net investment in Visa Europe.

In fiscal 2019, the Company also entered into interest rate and cross-currency swap agreements on a portion of the Company's outstanding 3.15% Senior Notes due December 2025. The Company designated the interest rate swap as a fair value hedge and the cross-currency swap as a net investment hedge.

As of September 30, 2020 and 2019, the Company's net investment hedges in an asset position totaled $186 million and $298 million, respectively, and were classified in prepaid expenses and other current assets and other assets on the consolidated balance sheets. As of September 30, 2020, the Company's net investment hedges in a liability position was $137 million, and classified in other liabilities on the consolidated balance sheets.

As of September 30, 2020 and 2019, the Company's fair value hedges in an asset position totaled $248 million and $89 million, respectively, and were classified in other assets on the consolidated balance sheets. As of September 30, 2019, the Company's fair value hedges in a liability position was $2 million and was classified in other liabilities on the consolidated balance sheets.

For fiscal 2020 and 2019, the Company recorded an increase in earnings of $150 million and $95 million, respectively, related to forward points and interest differentials from forward contracts and swap agreements, respectively, which are excluded from effectiveness testing.

Non-designated derivative financial instrument hedges

The Company utilizes foreign exchange derivative contracts to hedge against foreign currency exchange rate fluctuations related to certain monetary assets and liabilities denominated in foreign currency. As of September 30, 2020 and 2019, the aggregate notional amount of these balance sheet hedges was $1.6 billion and $0.8 billion, respectively. As of September 30, 2020 and 2019, the Company's balance sheet hedges in an asset position totaled $7 million and $3 million, respectively, and were classified in other assets on the consolidated balance sheets, while

(1)

(1)

balance sheet hedges in a liability position totaled $5 million and $19 million, respectively, and were classified in accrued liabilities on the consolidated balance sheets.

Credit and market risks. The Company's derivative financial instruments are subject to both credit and market risk. The Company monitors the credit-worthiness of the financial institutions that are counterparties to its derivative financial instruments and does not consider the risks of counterparty nonperformance to be significant. The Company mitigates this risk by entering into master netting agreements, and such agreements require each party to post collateral against its net liability position with the respective counterparty. As of September 30, 2020, the Company has received collateral of $64 million, from counterparties, which is included in accrued liabilities in the consolidated balance sheets, and posted collateral of $26 million, which is included in prepaid expenses and other current assets in the consolidated balance sheets. Notwithstanding the Company's efforts to manage foreign exchange risk, there can be no absolute assurance that its hedging activities will adequately protect against the risks associated with foreign currency fluctuations. Credit and market risks related to derivative instruments were not considered significant as of September 30, 2020.

Note 14—Enterprise-wide Disclosures and Concentration of Business

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

	September 30,	
	2020	**2019**[(1)]
	(in millions)	
U.S.	$ 1,350	$ 1,186
International	558	263
Total	**$ 1,908**	$ 1,449

(1) The fiscal 2019 amounts have been revised to conform to the fiscal 2020 presentation.

Revenues by geographic market is primarily based on the location of the issuing financial institution. Net revenues earned in the U.S. were approximately 46% of total net revenues in fiscal 2020 and 45% of total net revenues in each of fiscal 2019 and fiscal 2018. No individual country, other than the U.S., generated more than 10% of total net revenues in these years.

In fiscal 2020, the Company had two clients that accounted for 11% and 10% of its total net revenues, respectively. In fiscal 2019 and 2018, no clients generated greater than 10% of the Company's total net revenues.

Note 15—Stockholders' Equity

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

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September 30, 2020

As-converted class A common stock. The number of shares of each series and class, and the number of shares of class A common stock on an as-converted basis at September 30, 2020 and 2019, were as follows:

	September 30,					
	2020			2019		
	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 rate)					
Series A preferred stock	— (2)	100.0000	35	—	—	—
UK&I preferred stock	2	6.3870	16	2	12.9360	32
Europe preferred stock	3	6.8610	22	3	13.8840	44
Class A common stock(3)	1,683	—	1,683	1,718	—	1,718
Class B common stock	245	1.6228 (4)	398	245	1.6228 (4)	398
Class C common stock	11	4.0000	43	11	4.0000	45
Total			2,197			2,237

(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 settled on or before September 30, 2020 and 2019.
(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. See *Note 5—U.S. and Europe Retrospective Responsibility Plans.*

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

	For the Years Ended September 30,					
	2020		2019		2018	
	UK&I	Europe	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	16	22	— (1)	— (1)	— (1)	— (1)
Effective price per share(2)	$ 194.31	$ 194.33	$ 141.32	$ 150.26	$ 113.05	$ 112.92
Recovery through conversion rate adjustment	$ 72	$ 92	$ 6	$ 2	$ 35	$ 21
Fourth anniversary release	$ 3,084	$ 4,216	$ —	$ —	$ —	$ —

(1) The reduction in equivalent number of shares of class A common stock was less than one million shares.
(2) Effective price per share for each adjustment made during the year is calculated using the volume-weighted average price of the Company's class A common stock over a pricing period in accordance with the Company's current certificates of designations for its series B and C convertible participating preferred stock. Effective price per share for each fiscal year is calculated using the weighted-average effective prices of the respective adjustments made during the year.

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

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

	For the Years Ended September 30,		
	2020	2019	2018
	(in millions, except per share data)		
Reduction in equivalent number of as-converted shares of class A common stock	—	2	5
Effective price per share[1]	$ —	$ 174.73	$ 132.32
Deposits under the U.S. retrospective responsibility plan	$ —	$ 300	$ 600

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

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

	For the Years Ended September 30,		
	2020	2019	2018
	(in millions, except per share data)		
Shares repurchased in the open market[1]	**44**	56	58
Average repurchase price per share[2]	**$ 183.00**	$ 154.01	$ 123.76
Total cost	**$ 8,114**	$ 8,607	$ 7,192

[1] Shares repurchased in the open market reflect repurchases that settled during fiscal 2020, 2019 and 2018. All shares repurchased in the open market have been retired and constitute authorized but unissued shares.
[2] Average repurchase price per share is calculated based on unrounded numbers.

In January 2019, the Company's board of directors authorized an $8.5 billion share repurchase program and in January 2020, authorized an additional $9.5 billion share repurchase program (the "January 2020 Program"). This authorization has no expiration date. As of September 30, 2020, the Company's January 2020 program had remaining authorized funds of $5.5 billion. All share repurchase programs authorized prior to January 2020 have been completed.

Dividends declared. In fiscal 2020, the Company declared and paid $2.7 billion in dividends at a quarterly rate of $0.30 per share. On October 23, 2020, 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 December 1, 2020, to all holders of record of the Company's common and preferred stock as of November 13, 2020.

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

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

Class C common stock. As of September 30, 2020, all of the shares of class C common stock have been released from transfer restrictions. A total of 140 million shares have been converted from class C to class A common stock upon their sale into the public market.

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

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

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

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

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

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Note 16—Earnings Per Share

Basic earnings per share is computed by dividing net income available to each class 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 of each class of common stock outstanding reflects changes in ownership over the periods presented. See *Note 15—Stockholders' Equity*.

Diluted earnings per share is computed by dividing net income available by the weighted-average number of shares of common stock outstanding, participating securities and, if dilutive, potential class A common stock equivalent shares outstanding during the period. Dilutive class A common stock equivalents may consist of: (1) shares of class A common stock issuable upon the conversion of series A, 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 Employee Stock Purchase Plan and the assumed vesting of unearned performance shares.

The following table presents earnings per share for fiscal 2020:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A)[1]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)[2]	Income Allocation (A)[1]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)[2]
	(in millions, except per share data)					
Class A common stock	$ 8,310	1,697	$ 4.90	$ 10,866	2,223 [3]	$ 4.89
Class B common stock	1,951	245	$ 7.94	1,948	245	$ 7.93
Class C common stock	214	11	$ 19.58	214	11	$ 19.56
Participating securities[4]	391	Not presented	Not presented	391	Not presented	Not presented
Net income	**$ 10,866**					

The following table presents earnings per share for fiscal 2019:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	Income Allocation (A)[1]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)[2]	Income Allocation (A)[1]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)[2]
	(in millions, except per share data)					
Class A common stock	$ 9,273	1,742	$ 5.32	$ 12,080	2,272 [3]	$ 5.32
Class B common stock	2,130	245	$ 8.68	2,127	245	$ 8.66
Class C common stock	247	12	$ 21.30	246	12	$ 21.26
Participating securities[4]	430	Not presented	Not presented	429	Not presented	Not presented
Net income	$ 12,080					

The following table presents earnings per share for fiscal 2018:

	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	$ 7,937	1,792	$ 4.43	$ 10,301	2,329 [3]	$ 4.42
Class B common stock	1,787	245	$ 7.28	1,785	245	$ 7.27
Class C common stock	218	12	$ 17.72	217	12	$ 17.69
Participating securities[4]	359	Not presented	Not presented	358	Not presented	Not presented
Net income	$ 10,301					

(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, 400 million and 403 million for fiscal 2020, 2019 and 2018, respectively. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 44 million, 46 million and 49 million for fiscal 2020, 2019 and 2018, respectively. The weighted-average number of shares of preferred stock included within participating securities was 1 million of as-converted series A preferred stock for fiscal 2020, 32 million of as-converted UK&I preferred stock for each of fiscal 2020, 2019 and 2018, and 43 million of as-converted Europe preferred stock for fiscal 2020 and 44 million of as-converted Europe preferred stock for each of fiscal 2019 and 2018.

(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 3 million common stock equivalents for each of fiscal 2020, 2019 and 2018 because their effect would have been dilutive. The computation excludes 1 million of common stock equivalents for each of fiscal 2020, 2019 and 2018, 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, restricted stock awards, restricted stock units and earned performance-based shares. Participating securities' income is allocated based on the weighted-average number of shares of as-converted stock. See *Note 15—Stockholders' Equity.*

Note 17—Share-based Compensation

2007 Equity Incentive Compensation Plan

The Company's 2007 Equity Incentive Compensation Plan, or the EIP, authorizes the compensation committee of the board of directors to grant non-qualified stock options ("options"), restricted stock awards ("RSAs"), restricted stock units ("RSUs") and performance-based shares to its employees and non-employee directors, for up to 236 million shares of class A common stock. Shares available for award may be either authorized and unissued or previously issued shares subsequently acquired by the Company. The EIP will continue to be in effect until all of the common stock available under the EIP is delivered and all restrictions on those shares have lapsed, unless the EIP is terminated earlier by the Company's board of directors. Awards may be granted under the plan until January 31, 2022.

For fiscal 2020, 2019 and 2018, the Company recorded share-based compensation cost related to the EIP of $393 million, $388 million and $312 million, respectively, in personnel expense on its consolidated statements of operations. The related tax benefits for fiscal 2020, 2019 and 2018 were $63 million, $59 million and $53 million, respectively.

Options

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

During fiscal 2020, 2019 and 2018, the fair value of each stock option was estimated on the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Years Ended September 30,		
	2020	2019	2018
Expected term (in years)(1)	**4.03**	3.98	4.00
Risk-free rate of return(2)	**1.6 %**	2.9 %	2.0 %
Expected volatility(3)	**18.7 %**	20.2 %	18.3 %
Expected dividend yield(4)	**0.7 %**	0.7 %	0.7 %
Fair value per option granted	**$ 29.37**	$ 25.89	$ 18.24

(1) Until March 2018, this assumption was based on the Company's historical option exercises and those of a set of peer companies that management believed to be generally comparable to Visa. The Company's data was weighted based on the number of years between the measurement date and Visa's IPO date as a percentage of the options' contractual term. The relative weighting placed on Visa's data and peer data for stock options granted until March 2018 was approximately 97% and 3% in fiscal 2018, respectively. The assumptions for stock options granted after March 2018 was based on Visa's historical exercise experience as the passage of time since the Company's IPO has exceeded 10 years.

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

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

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

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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The following table summarizes the Company's option activity for fiscal 2020:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[1] (in millions)
Outstanding at September 30, 2019	5,714,658	$ 90.18		
Granted	1,247,982	$ 182.50		
Forfeited	(67,193)	$ 140.17		
Expired	—	$ —		
Exercised	(1,108,898)	$ 63.53		
Outstanding at September 30, 2020	**5,786,549**	**$ 114.61**	**6.87**	**$ 494**
Options exercisable at September 30, 2020	3,425,611	$ 87.28	5.79	$ 386
Options exercisable and expected to vest at September 30, 2020[2]	**5,718,325**	$ 113.96	6.84	$ 492

(1) Calculated using the closing stock price on the last trading day of fiscal 2020 of $199.97, less the option exercise price, multiplied by the number of instruments.

(2) Applied a forfeiture rate to unvested options outstanding at September 30, 2020 to estimate the options expected to vest in the future.

For the options exercised during fiscal 2020, 2019 and 2018, the total intrinsic value was $146 million, $107 million and $249 million, respectively, and the tax benefit realized was $31 million, $23 million and $55 million, respectively. As of September 30, 2020, there was $22 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted-average period of approximately 0.45 years.

Restricted Stock Awards and Restricted Stock Units

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

Upon vesting, the RSAs are settled in class A common stock on a one-for-one basis. During the vesting period, RSA award recipients are eligible to receive dividends and participate in the same voting rights as those granted to the holders of the underlying class A common stock. Upon vesting, RSUs can be settled in class A common stock on a one-for-one basis or in cash, or a combination thereof, at the Company's option. The Company does not currently intend to settle any RSUs in cash. During the vesting period, RSU award recipients are eligible to receive dividend equivalents, but do not participate in the voting rights granted to the holders of the underlying class A common stock. The Company discontinued granting RSAs in fiscal 2016 but will continue to grant RSUs under the EIP. As of September 30, 2018, there were no RSAs outstanding.

The fair value and compensation cost before estimated forfeitures for RSAs and RSUs is calculated using the closing price of class A common stock on the date of grant. The weighted-average grant date fair value of RSUs granted during fiscal 2020, 2019 and 2018 was $183.61, $137.38 and $111.11, respectively. The total grant date fair value of RSAs and RSUs vested during fiscal 2020, 2019 and 2018 was $284 million, $228 million and $183 million, respectively.

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The following table summarizes the Company's RSU activity for fiscal 2020:

	Restricted Stock Units		Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)		Aggregate Intrinsic Value(1) (in millions)
Outstanding at September 30, 2019	5,166,759	$	118.79			
Granted	2,352,714	$	183.61			
Vested	(2,561,379)	$	110.73			
Forfeited	(267,594)	$	147.70			
Outstanding at September 30, 2020	**4,690,500**	**$**	**154.06**	**0.83**	**$**	**938**

(1) Calculated by multiplying the closing stock price on the last trading day of fiscal 2020 of $199.97 by the number of instruments.

At September 30, 2020, there was $381 million of total unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over a weighted-average period of approximately 0.83 years.

Performance-based Shares

For the Company's performance-based shares, in addition to service conditions, the ultimate number of shares to be earned depends on the achievement of both performance and market conditions. The performance condition is based on the Company's earnings per share target. The market condition is based on the Company's total shareholder return ranked against that of other companies that are included in the Standard & Poor's 500 Index. The fair value of the performance-based shares for fiscal 2020, incorporating the market condition, is estimated on the grant date using a Monte Carlo simulation model with the following weighted-average assumptions: risk-free rate of return of 1.6%, expected term of 1.9 years, expected volatility of 20.9% and expected dividend yield of 0.7%. The grant-date fair value of performance-based shares granted in fiscal 2020, 2019 and 2018 was $211.08, $153.42 and $120.11 per share, respectively. Performance-based shares vest over three years and are subject to earlier vesting in full under certain conditions. The total grant date fair value of performance-based shares vested and earned during fiscal 2020, 2019 and 2018 was $65 million, $41 million and $31 million, respectively.

Compensation cost for performance-based shares is initially estimated based on target performance. It is recorded net of estimated forfeitures and adjusted as appropriate throughout the performance period.

The following table summarizes the maximum number of performance-based shares which could be earned and related activity for fiscal 2020:

	Shares		Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)		Aggregate Intrinsic Value(1) (in millions)
Outstanding at September 30, 2019	1,070,690	$	129.08			
Granted(2)	470,128	$	211.08			
Vested and earned	(546,018)	$	118.18			
Unearned	—	$	—			
Forfeited	—	$	—			
Outstanding at September 30, 2020	**994,800**	**$**	**171.33**	**0.73**	**$**	**199**

(1) Calculated by multiplying the closing stock price on the last trading day of fiscal 2020 of $199.97 by the number of instruments.
(2) Represents the maximum number of performance-based shares which could be earned.

At September 30, 2020, there was $20 million of total unrecognized compensation cost related to unvested performance-based shares, which is expected to be recognized over a weighted-average period of approximately 0.73 years.

VISA INC.

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Employee Stock Purchase Plan

The Visa Inc. Employee Stock Purchase Plan (the "ESPP") permits eligible employees to purchase the Company's class A common stock at a 15% discount of the stock price on the purchase date, subject to certain restrictions. A total of 20 million shares of class A common stock have been reserved for issuance under the ESPP. In fiscal 2020, 2019 and 2018, the ESPP did not have a material impact on the consolidated financial statements.

Note 18—Commitments and Contingencies

Commitments. The Company has software licenses throughout the world with varying expiration dates. At September 30, 2020, future minimum payments on software licenses are as follows:

	For the Years Ending September 30,						
	2021	2022	2023	2024	2025	Thereafter	Total
				(in millions)			
Software licenses	$ 61	$ 26	$ 5	$ 5	$ 5	$ —	**$ 102**

Note 19—Income Taxes

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

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
U.S.	**$ 9,178**	$ 9,536	$ 8,088
Non-U.S.	**4,612**	5,348	4,718
Total income before taxes	**$ 13,790**	$ 14,884	$ 12,806

For fiscal 2020 and 2019, U.S. income before taxes included $3.0 billion, and for fiscal 2018 included $2.7 billion, of the Company's U.S. entities' income from operations outside of the U.S.

Income tax provision by fiscal year consisted of the following:

	For the Years Ended September 30,		
	2020	2019	2018
		(in millions)	
Current:			
U.S. federal	**$ 1,662**	$ 1,504	$ 2,819
State and local	**212**	243	219
Non-U.S.	**743**	843	754
Total current taxes	**2,617**	2,590	3,792
Deferred:			
U.S. federal	**42**	184	(1,214)
State and local	**9**	28	(96)
Non-U.S.	**256**	2	23
Total deferred taxes	**307**	214	(1,287)
Total income tax provision	**$ 2,924**	$ 2,804	$ 2,505

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
September 30, 2020

The tax effect of temporary differences that give rise to significant portions of deferred tax assets and liabilities at September 30, 2020 and 2019, are presented below:

	September 30, 2020	September 30, 2019
	(in millions)	
Deferred Tax Assets:		
Accrued compensation and benefits	**$ 114**	$ 117
Accrued litigation obligation	**204**	273
Client incentives	**121**	125
Net operating loss carryforwards	**80**	65
Comprehensive loss	**148**	33
Federal benefit of state taxes	**203**	148
Other	**12**	6
Valuation allowance	**(84)**	(69)
Deferred tax assets	**798**	698
Deferred Tax Liabilities:		
Property, equipment and technology, net	**(343)**	(314)
Intangible assets	**(5,492)**	(4,983)
Foreign taxes	**(137)**	(184)
Deferred tax liabilities	**(5,972)**	(5,481)
Net deferred tax liabilities	**$ (5,174)**	$ (4,783)

On July 22, 2020, UK enacted legislation that repealed the previous tax rate reduction from 19% to 17% that was effective on April 1, 2020. As a result, the Company recorded a $329 million 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. The increase in deferred tax liabilities reflects the remeasurement of UK deferred tax liabilities.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in the U.S. on March 27, 2020. The CARES Act includes several U.S. income tax provisions related to, among other things, net operating loss carrybacks, alternative minimum tax credits, modifications to the net interest deduction limitations, and technical amendments regarding the income tax depreciation of qualified improvement property placed in service after December 31, 2017. The CARES Act does not have a material impact on the Company's financial results.

At September 30, 2020 and 2019, net deferred tax assets of $63 million and $24 million, respectively, are reflected in other assets on the consolidated balance sheets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. The fiscal 2020 and 2019 valuation allowances relate primarily to foreign net operating losses from subsidiaries acquired in recent years.

As of September 30, 2020, the Company had $13 million federal, $16 million state and $367 million foreign net operating loss carryforwards from acquired subsidiaries. Federal and state net operating loss carryforwards generated in years prior to fiscal 2018 will expire in fiscal 2028 through 2037. Federal net operating losses generated after fiscal 2017 may be carried forward indefinitely. Foreign net operating losses may be carried forward indefinitely, except for certain foreign losses that expire in fiscal 2025 through 2027. The Company expects to fully utilize the state net operating loss carryforwards in future years.

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

	For the Years Ended September 30,					
	2020		2019		2018	
	(in millions, except percentages)					
U.S. federal income tax at statutory rate	**$ 2,896**	21 %	$ 3,126	21 %	$ 3,141	25 %
State income taxes, net of federal benefit	**199**	2 %	223	2 %	201	2 %
Non-U.S. tax effect, net of federal benefit	**(483)**	(4)%	(527)	(4)%	(465)	(4)%
Transition tax on foreign earnings	**—**	— %	—	— %	1,147	9 %
Remeasurement of deferred tax balances	**329**	2 %	—	— %	(1,133)	(9)%
Other, net	**(17)**	— %	(18)	— %	(386)	(3)%
Income tax provision	**$ 2,924**	21 %	$ 2,804	19 %	$ 2,505	20 %

In fiscal 2020 and fiscal 2019, the effective income tax rate was 21% and 19%, respectively. The effective tax rate in fiscal 2020 differs from the effective tax rate in fiscal 2019 mainly due to a $329 million non-recurring, non-cash tax expense related to the remeasurement of UK deferred tax liabilities, as discussed above.

In fiscal 2019 and fiscal 2018, the effective income tax rate was 19% and 20%, respectively. The effective tax rate in fiscal 2019 differs from the effective tax rate in fiscal 2018 primarily due to:

- a decrease in federal statutory rate, from a blended rate of 24.5% in fiscal 2018 to a rate of 21% in fiscal 2019, resulting from the Tax Act,
- new provisions enacted as part of the Tax Act, including the deduction for foreign-derived intangible income ("FDII") and tax on global intangible low-tax income ("GILTI"), effective for the Company on October 1, 2018; and the absence of the following items recorded in fiscal 2018:
- a $1.1 billion one-time transition tax expense on certain untaxed foreign earnings in accordance with the Tax Act;
- a $1.1 billion non-recurring, non-cash benefit from the remeasurement of deferred tax balances due to the reduction in U.S. federal tax rate enacted by the Tax Act; and
- $161 million of tax benefits due to various non-recurring audit settlements.

Current income taxes receivable at September 30, 2020 and 2019 of $93 million and $130 million, respectively, were included in prepaid expenses and other current assets. Non-current income taxes receivable at September 30, 2020 and 2019 of $988 million and $771 million, respectively, were included in other assets. Income taxes payable at September 30, 2020 and 2019 of $134 million and $327 million, respectively, were included in accrued liabilities. Accrued income taxes at September 30, 2020 and 2019 of $2.8 billion and $2.5 billion, respectively, were included in other liabilities.

The Company's operating hub in the Asia Pacific region is located in Singapore. Effective October 1, 2008 through September 30, 2023, it is subject to a tax incentive which is conditional upon meeting certain business operations and employment thresholds in Singapore. The tax incentive decreased Singapore tax by $280 million, $324 million and $295 million, and the benefit of the tax incentive on diluted earnings per share was $0.13, $0.14 and $0.13 in fiscal 2020, 2019 and 2018, respectively.

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

At September 30, 2020, 2019, and 2018, the Company's total gross unrecognized tax benefits were $2.6 billion, $2.2 billion and $1.7 billion, respectively, exclusive of interest and penalties described below. Included in the $2.6 billion, $2.2 billion and $1.7 billion are $1.6 billion, $1.4 billion and $1.2 billion of unrecognized tax benefits, respectively, that if recognized, would reduce the effective tax rate in a future period.

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

	2020	2019	2018
		(in millions)	
Balance at beginning of period	$ 2,234	$ 1,658	$ 1,353
Increases of unrecognized tax benefits related to prior years	66	216	367
Decreases of unrecognized tax benefits related to prior years	(83)	(13)	(233)
Increases of unrecognized tax benefits related to current year	376	384	172
Decreases related to settlements with taxing authorities	(12)	(9)	—
Reductions related to lapsing statute of limitations	(2)	(2)	(1)
Balance at end of period	$ 2,579	$ 2,234	$ 1,658

In fiscal 2020, 2019 and 2018, the Company recognized $68 million, $66 million and $15 million of interest expense, respectively, related to uncertain tax positions. In fiscal 2020, 2019 and 2018, the Company accrued penalties related to uncertain tax positions of $4 million, $5 million and none, respectively. At September 30, 2020 and 2019, the Company had accrued interest of $233 million and $165 million, respectively, and accrued penalties of $31 million and $26 million, respectively, related to uncertain tax positions included in other long-term liabilities in its consolidated balance sheets.

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

During fiscal 2013, the Canada Revenue Agency (CRA) completed its examination of the Company's fiscal 2003 through 2009 Canadian tax returns and proposed certain assessments. Based on the findings of its examination, the CRA also proposed certain assessments to the Company's fiscal 2010 through 2017 Canadian tax returns. The Company filed notices of objection against these assessments and, in fiscal 2015, completed the appeals process without reaching a settlement with the CRA. In April 2016, the Company petitioned the Tax Court of Canada to overturn the CRA's assessments. In September 2020, the Company decided to accept a settlement offer provided by the CRA. The settlement agreement is subject to approval by the Tax Court of Canada. The Company's income tax provision has been adjusted accordingly.

The India tax authorities completed the first level examination of the Company's income tax returns for the taxable years falling within the period from fiscal 2010 to 2016, and proposed certain assessments. The Company objected to these proposed assessments and filed appeals to the appellate authorities. While the timing and outcome of the final resolution of these appeals are uncertain, the Company believes that its income tax provision adequately reflects its income tax obligations in India.

The Company is also subject to examinations by various state and foreign tax authorities. All material state and foreign tax matters have been concluded for years through fiscal 2006. The timing and outcome of the final resolutions of the federal, state and foreign tax examinations and refund claims are uncertain. As such, it is not reasonably possible to estimate the impact that the final outcomes could have on the Company's unrecognized tax benefits in the next 12 months.

Note 20—Legal Matters

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

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

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

	2020	2019
	(in millions)	
Balance at beginning of period	$ 1,203	$ 1,434
Provision for uncovered legal matters	10	37
Provision for covered legal matters	26	535
Reestablishment of prior accrual related to interchange multidistrict litigation	467	—
Payments for legal matters	(792)	(803)
Balance at end of period	$ 914	$ 1,203

Accrual Summary—U.S. Covered Litigation

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

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

	2020	2019
	(in millions)	
Balance at beginning of period	$ 1,198	$ 1,428
Provision for interchange multidistrict litigation	—	370
Reestablishment of prior accrual related to interchange multidistrict litigation	467	—
Payments for U.S. covered litigation	(777)	(600)
Balance at end of period	$ 888	$ 1,198

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.*

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

	2020	2019
	(in millions)	
Balance at beginning of period	$ 5	$ —
Accrual for VE territory covered litigation	26	165
Payments for VE territory covered litigation	(10)	(160)
Balance at end of period	$ 21	$ 5

U.S. Covered Litigation

Interchange Multidistrict Litigation (MDL) – Putative Class Actions

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

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

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

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

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

Settlement discussions with plaintiffs purporting to act on behalf of the putative Injunctive Relief Class are ongoing. On January 16, 2019, the bank defendants moved to dismiss the claims brought against them by the Injunctive Relief Class on the grounds that plaintiffs lack standing and failed to state a claim against the bank defendants. On November 20, 2019, the district court denied the bank defendants' motion to dismiss the claims brought against them by the putative Injunctive Relief Class.

On May 29, 2020, a complaint was filed by Old Jericho Enterprise, Inc. against Visa and Mastercard on behalf of a purported class of gasoline retailers operating in 24 states and the District of Columbia. The complaint alleges violations of the antitrust laws of those jurisdictions and seeks recovery for plaintiffs as indirect purchasers. To the extent that Plaintiffs' claims are not released by the Amended Settlement Agreement, Visa believes they are covered by the U.S. Retrospective Responsibility Plan.

On June 1, 2020, Visa, jointly with other defendants, served a motion for summary judgment regarding the claims in the Injunctive Relief Class complaint. The putative Injunctive Relief Class plaintiffs served a motion for partial summary judgment.

Interchange Multidistrict Litigation (MDL) – Individual Merchant Actions

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

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

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

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

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

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

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VE Territory Covered Litigation

Europe Merchant Litigation

Since July 2013, in excess of 550 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, Germany, Belgium and Poland primarily relating to interchange rates in Europe and in some cases relating to fees charged by Visa and certain Visa rules. They seek damages for alleged anti-competitive conduct in relation to one or more of the following types of interchange fees for credit and debit card transactions: UK domestic, Irish domestic, other European domestic, intra-European Economic Area and/or other inter-regional. As of the filing date, Visa Europe, Visa Inc. and other Visa subsidiaries have settled the claims asserted by over 100 Merchants, leaving more than 400 Merchants with outstanding claims. In addition, over 30 additional Merchants have threatened to commence similar proceedings. Standstill agreements have been entered into with respect to some of those threatened Merchant claims, several of which have been settled. While the amount of interchange being challenged could be substantial, these claims have not yet been filed and their full scope is not yet known. The Company has learned that several additional European entities have indicated that they may also bring similar claims and the Company anticipates additional claims in the future.

A trial took place from November 2016 to March 2017, relating to claims asserted by only one Merchant. In judgments published in November 2017 and February 2018, the court found as to that Merchant that Visa's UK domestic interchange did not restrict competition, but that if it had been found to be restrictive it would not be exemptible under applicable law. In April 2018, the Court of Appeal heard the Merchant's appeal of the decision alongside two separate Mastercard cases also involving interchange claims. On July 4, 2018, the Court of Appeal overturned the lower court's rulings, finding that Visa's UK domestic interchange restricted competition and the question of whether Visa's UK domestic interchange was exempt from the finding of restriction under applicable law had been incorrectly decided. The Court of Appeal remitted the claim to the lower court to reconsider the exemption issue and the assessment of damages. On November 29, 2018, Visa was granted permission to appeal aspects of the Court of Appeal's judgment to the Supreme Court of the United Kingdom, including the question of whether Visa's UK interchange restricted competition. On June 17, 2020, the Supreme Court of the United Kingdom found that Visa's UK domestic interchange restricted competition under applicable competition law. The case will now continue before the UK Competition Appeals Tribunal to determine the lawful level of interchange and the amount, if any, the plaintiff may be entitled to recover.

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

Other Litigation

European Commission DCC Investigation

In 2013, the European Commission (EC) opened an investigation against Visa Europe, based on a complaint alleging that Visa Europe's pricing of and rules relating to Dynamic Currency Conversion (DCC) transactions infringe EU competition rules. On October 16, 2020, the EC informed Visa that it has closed the investigation.

Canadian Merchant Litigation

Beginning in December 2010, a number of class action lawsuits were filed in Quebec, British Columbia, Ontario, Saskatchewan and Alberta against Visa Canada, Mastercard and ten financial institutions on behalf of merchants that accept payment by Visa and/or Mastercard credit cards. The actions allege a violation of Canada's price-fixing law and various common law claims based on separate Visa and Mastercard conspiracies in respect of default interchange and certain of the networks' rules. To date, five financial institutions have settled with the plaintiffs. In June 2017, Visa and Mastercard also reached settlements with the plaintiffs. Courts in each of the five provinces approved the settlements and Wal-Mart Canada and/or Home Depot of Canada Inc. filed notices of appeal of the decisions approving the settlements. The Courts of Appeal in British Columbia, Quebec, Ontario and Saskatchewan rejected the appeals filed by Wal-Mart Canada and Home Depot of Canada Inc. Wal-Mart Canada and Home Depot of Canada Inc. sought leave to appeal those decisions and the Supreme Court of Canada denied

VISA INC.

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those applications on March 26, 2020 (British Columbia, Quebec and Ontario) and October 29, 2020 (Saskatchewan). An appeal to the Alberta Court of Appeal remains pending.

U.S. ATM Access Fee Litigation

National ATM Council Class Action. In October 2011, the National ATM Council and thirteen non-bank ATM operators filed a purported class action lawsuit against Visa (Visa Inc., Visa International, Visa U.S.A. and Plus System, Inc.) and Mastercard in the U.S. District Court for the District of Columbia. The complaint challenges Visa's rule (and a similar Mastercard rule) that if an ATM operator chooses to charge consumers an access fee for a Visa or Plus transaction, that fee cannot be greater than the access fee charged for transactions on other networks. Plaintiffs claim that the rule violates Section 1 of the Sherman Act, and seek treble damages, injunctive relief, and attorneys' fees. On September 20, 2019, plaintiffs filed a motion for class certification.

Consumer Class Actions. In October 2011, a purported consumer class action was filed against Visa and Mastercard in the same federal court challenging the same ATM access fee rules. Two other purported consumer class actions challenging the rules, later combined, were also filed in October 2011 in the same federal court naming Visa, Mastercard and three financial institutions as defendants. Plaintiffs seek treble damages, restitution, injunctive relief, and attorneys' fees where available under federal and state law, including under Section 1 of the Sherman Act and consumer protection statutes. On September 20, 2019, plaintiffs in both cases filed motions for class certification. On October 5, 2020, plaintiffs in the case naming three financial institutions as defendants filed a motion for preliminary approval of a class action settlement reached with those financial institution defendants.

U.S. Department of Justice Civil Investigative Demand

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

Pulse Network

On November 25, 2014, Pulse Network LLC filed suit against Visa Inc. in federal district court in Texas. Pulse alleges that Visa has, among other things, monopolized and attempted to monopolize debit card network services markets. Pulse seeks unspecified treble damages, attorneys' fees and injunctive relief, including to enjoin the fixed acquirer network fee structure, Visa's conduct regarding PIN-Authenticated Visa Debit and Visa agreements with merchants and acquirers relating to debit acceptance. On August 31, 2018, the court granted Visa's motion for summary judgment, finding that Pulse did not have standing to pursue its claims. Pulse appealed the district court's summary judgment decision to the U.S. Court of Appeals for the Fifth Circuit, which held oral argument on October 9, 2019. On June 5, 2020, the U.S. Court of Appeals for the Fifth Circuit set the case for re-argument.

EMV Chip Liability Shift

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

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

On August 28, 2020, the district court granted plaintiffs' motion for class certification, and on September 11, 2020, defendants sought permission from the U.S. Court of Appeals for the Second Circuit to appeal the decision.

VISA INC.

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Australian Competition & Consumer Commission

On July 12, 2019, the Australian Competition & Consumer Commission (ACCC) informed Visa that the ACCC has commenced an investigation into certain agreements and interchange fees relating to Visa Debit. Visa is cooperating with the ACCC.

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

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

Euronet Litigation

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

European Commission Staged Digital Wallets Investigation

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

Plaid Inc. Acquisition

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

Selected Quarterly Financial Data (Unaudited)

The following tables show selected quarterly operating results for each quarter and full year of fiscal 2020 and 2019 for the Company:

	Quarter Ended (unaudited)				Fiscal Year
	September 30, 2020[(1)]	June 30, 2020	March 31, 2020	December 31, 2019	2020
	(in millions, except per share data)				
Net revenues	$ 5,101	$ 4,837	$ 5,854	$ 6,054	**$ 21,846**
Operating income	$ 3,142	$ 2,999	$ 3,924	$ 4,016	**$ 14,081**
Net income	$ 2,137	$ 2,373	$ 3,084	$ 3,272	**$ 10,866**
Basic earnings per share					
Class A common stock	$ 0.97	$ 1.07	$ 1.39	$ 1.46	**$ 4.90**
Class B common stock	$ 1.57	$ 1.74	$ 2.25	$ 2.37	**$ 7.94**
Class C common stock	$ 3.88	$ 4.29	$ 5.54	$ 5.85	**$ 19.58**
Diluted earnings per share					
Class A common stock	$ 0.97	$ 1.07	$ 1.38	$ 1.46	**$ 4.89**
Class B common stock	$ 1.57	$ 1.74	$ 2.25	$ 2.37	**$ 7.93**
Class C common stock	$ 3.87	$ 4.29	$ 5.54	$ 5.84	**$ 19.56**

	Quarter Ended (unaudited)				Fiscal Year
	September 30, 2019[(1)]	June 30, 2019	March 31, 2019	December 31, 2018	2019
	(in millions, except per share data)				
Net revenues	$ 6,137	$ 5,840	$ 5,494	$ 5,506	$ 22,977
Operating income	$ 3,735	$ 3,908	$ 3,641	$ 3,717	$ 15,001
Net income	$ 3,025	$ 3,101	$ 2,977	$ 2,977	$ 12,080
Basic earnings per share					
Class A common stock	$ 1.34	$ 1.37	$ 1.31	$ 1.30	$ 5.32
Class B common stock	$ 2.19	$ 2.23	$ 2.13	$ 2.12	$ 8.68
Class C common stock	$ 5.38	$ 5.48	$ 5.23	$ 5.20	$ 21.30
Diluted earnings per share					
Class A common stock	$ 1.34	$ 1.37	$ 1.31	$ 1.30	$ 5.32
Class B common stock	$ 2.19	$ 2.23	$ 2.13	$ 2.12	$ 8.66
Class C common stock	$ 5.37	$ 5.48	$ 5.23	$ 5.20	$ 21.26

(1) The Company's unaudited consolidated statement of operations include the impact of several significant one-time items. See *Overview* within *Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations* of this report.

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

Not applicable.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.

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

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2020. Based on management's assessment, management has concluded that the Company's internal control over financial reporting was effective as of September 30, 2020 using the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

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

The effectiveness of our internal control over financial reporting as of September 30, 2020, has been audited by KPMG LLP, an independent registered public accounting firm and is included in *Item 8* of this report.

Changes in Internal Control over Financial Reporting

In preparation for management's report on internal control over financial reporting, we documented and tested the design and operating effectiveness of our internal control over financial reporting. There have been no significant changes in our internal controls over financial reporting that occurred during our fourth quarter of fiscal 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting despite most of our staff working remotely due to the COVID-19 pandemic.

ITEM 9B. Other Information

Not applicable.

PART III

Certain information required by Part III is omitted from this Report and the Company will file a definitive proxy statement pursuant to Regulation 14A under the Exchange Act (the "Proxy Statement") not later than 120 days after the end of the fiscal year ended September 30, 2020, and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the report of the Audit and Risk Committee included in the Proxy Statement.

ITEM 10. Directors, Executive Officers and Corporate Governance

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

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

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

ITEM 11. Executive Compensation

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

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

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

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

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

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

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

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

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

ITEM 14. Principal Accountant Fees and Services

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

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Consolidated Financial Statements

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

2. Consolidated Financial Statement Schedules

   None.

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

   Refer to the Exhibit Index herein.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit Number	Filing Date
2.1	Amended and Restated Transaction Agreement, dated as of May 10, 2016, between Visa Inc. and Visa Europe Limited #	8-K	001-33977	2.1	5/10/2016
3.1	Sixth Amended and Restated Certificate of Incorporation of Visa Inc.	8-K	001-33977	3.2	1/29/2015
3.2	Certificate of Correction of the Certificate of Incorporation of Visa Inc.	8-K	001-33977	3.1	2/27/2015
3.3	Amended and Restated Bylaws of Visa Inc.	10-Q	001-33977	3.3	7/31/2020
4.1	Form of stock certificate of Visa Inc.	S-4/A	333-143966	4.1	9/13/2007
4.2	Form of specimen certificate for class B common stock of Visa Inc.	8-A	000-53572	4.1	1/28/2009
4.3	Form of specimen certificate for class C common stock of Visa Inc.	8-A	000-53572	4.2	1/28/2009
4.4	Indenture dated December 14, 2015 between Visa Inc. and U.S. Bank National Association	8-K	001-33977	4.1	12/14/2015
4.5	Form of 2.200% Senior Note due 2020	8-K	001-33977	4.3	12/14/2015
4.6	Form of 2.150% Senior Note due 2022	8-K	001-33977	4.1	9/11/2017
4.7	Form of 2.800% Senior Note due 2022	8-K	001-33977	4.4	12/14/2015
4.8	Form of 3.150% Senior Note due 2025	8-K	001-33977	4.5	12/14/2015
4.9	Form of 0.750% Senior Note due 2027	8-K	001-33977	4.1	8/17/2020
4.10	Form of 1.900% Senior Note due 2027	8-K	001-33977	4.1	4/2/2020
4.11	Form of 2.750% Senior Note due 2027	8-K	001-33977	4.2	9/11/2017
4.12	Form of 2.050% Senior Note due 2030	8-K	001-33977	4.2	4/2/2020
4.13	Form of 1.100% Senior Note due 2031	8-K	001-33977	4.2	8/17/2020
4.14	Form of 4.150% Senior Note due 2035	8-K	001-33977	4.6	12/14/2015
4.15	Form of 2.700% Senior Note due 2040	8-K	001-33977	4.3	4/2/2020
4.16	Form of 4.300% Senior Note due 2045	8-K	001-33977	4.7	12/14/2015
4.17	Form of 3.650% Senior Note due 2047	8-K	001-33977	4.3	9/11/2017
4.18	Form of 2.000% Senior Note due 2050	8-K	001-33977	4.3	8/17/2020
4.19	Certificate of Designations of Series A Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.1	6/21/2016
4.20	Certificate of Designations of Series B Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.2	6/21/2016
4.21	Certificate of Designations of Series C Convertible Participating Preferred Stock of Visa Inc.	8-K	001-33977	3.3	6/21/2016

4.22	Description of Securities	10-K	001-33977	4.16	11/13/2019
10.1	Form of Indemnity Agreement	10-Q	001-33977	10.1	1/31/2020
10.2	Amended and Restated Global Restructuring Agreement, dated August 24, 2007, by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc., Visa Europe Limited, Visa Canada Association, Inovant LLC, Inovant, Inc., Visa Europe Services, Inc., Visa International Transition LLC, VI Merger Sub, Inc., Visa USA Merger Sub Inc. and 1734313 Ontario Inc.	S-4/A	333-143966	Annex A	9/13/2007
10.3	Form of Escrow Agreement by and among Visa Inc., Visa U.S.A. Inc. and the escrow agent	S-4	333-143966	10.15	6/22/2007
10.4	Form of Framework Agreement by and among Visa Inc., Visa Europe Limited, Inovant LLC, Visa International Services Association and Visa U.S.A. Inc. †	S-4/A	333-143966	10.17	7/24/2007
10.5	Five Year Revolving Credit Agreement, amended and restated as of July 25, 2019, by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc. and Visa Europe Limited, as borrowers, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank N.A., as syndication agent, and the lenders referred to therein #	10-K	001-33977	10.5	11/13/2019
10.6	Form of Interchange Judgment Sharing Agreement by and among Visa International Service Association and Visa U.S.A. Inc., and the other parties thereto †	S-4/A	333-143966	10.13	7/24/2007
10.7	Interchange Judgment Sharing Agreement Schedule	8-K	001-33977	10.2	2/8/2011
10.8	Amendment of Interchange Judgment Sharing Agreement	10-K	001-33977	10.10	11/20/2015
10.9	Form of Loss Sharing Agreement by and among Visa U.S.A. Inc., Visa International Service Association, Visa Inc. and various financial institutions	S-4/A	333-143966	10.14	7/24/2007
10.10	Loss Sharing Agreement Schedule	8-K	001-33977	10.1	2/8/2011
10.11	Amendment of Loss Sharing Agreement	10-K	001-33977	10.13	11/20/2015
10.12	Form of Litigation Management Agreement by and among Visa Inc., Visa International Service Association, Visa U.S.A. Inc. and the other parties thereto	S-4/A	333-143966	10.18	8/22/2007
10.13	Omnibus Agreement, dated February 7, 2011, regarding Interchange Litigation Judgment Sharing and Settlement Sharing by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated and the parties thereto	8-K	001-33977	10.2	7/16/2012
10.14	Amendment, dated August 26, 2014, to the Omnibus Agreement regarding Interchange Litigation Judgment Sharing and Settlement Sharing by and among Visa Inc., Visa U.S.A. Inc., Visa International Service Association, Mastercard Incorporated, Mastercard International Incorporated and the parties thereto	10-K	001-33977	10.14	11/21/2014

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

10.29*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 18, 2013	10-Q	001-33977	10.1	1/30/2014
10.30*	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 18, 2013	10-Q	001-33977	10.5	1/30/2014
10.31*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.40	11/21/2014
10.32*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.41	11/21/2014
10.33*	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.45	11/21/2014
10.34*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2015	10-Q	001-33977	10.1	1/28/2016
10.35*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2015	10-Q	001-33977	10.2	1/28/2016
10.36*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2015	10-Q	001-33977	10.3	1/28/2016
10.37*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.1	1/31/2019
10.38*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.2	1/31/2019
10.39*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.3	1/31/2019
10.40*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for the CEO for awards granted after November 1, 2018	10-Q	001-33977	10.4	1/31/2019
10.41*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.5	1/31/2019
10.42*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.6	1/31/2019

10.43*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2018	10-Q	001-33977	10.7	1/31/2019
10.44*	Form of Letter Agreement relating to Visa Inc. Executive Severance Plan	8-K	001-33977	10.2	11/9/2010
10.45*	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2017	10-Q	001-33977	10.1	2/1/2018
10.46+	Offer Letter, dated July 18, 2019, between Visa Inc. and Paul D. Fabara				
10.47*	Amended and Restated Aircraft Time Sharing Agreement, effective November 1, 2019, between Visa Inc. and Alfred F. Kelly, Jr.	10-K	001-33977	10.48	11/13/2019
21.1+	List of Significant Subsidiaries of Visa Inc.				
23.1+	Consent of KPMG LLP, Independent Registered Public Accounting Firm				
31.1+	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2+	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1+	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2+	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				

† Confidential treatment has been requested for portions of this agreement. A completed copy of the agreement, including the redacted portions, has been filed separately with the SEC.
* Management contract, compensatory plan or arrangement.
\+ Filed or furnished herewith.
\# Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

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

VISA INC.

By:	/s/ Alfred F. Kelly, Jr.
Name:	Alfred F. Kelly, Jr.
Title:	Chairman and Chief Executive Officer
Date:	November 19, 2020

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

Signature	Title	Date
/s/ Alfred F. Kelly, Jr. **Alfred F. Kelly, Jr.**	Chairman and Chief Executive Officer, and Director (Principal Executive Officer)	November 19, 2020
/s/ Vasant M. Prabhu **Vasant M. Prabhu**	Vice Chairman and Chief Financial Officer (Principal Financial Officer)	November 19, 2020
/s/ James H. Hoffmeister **James H. Hoffmeister**	Global Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	November 19, 2020
/s/ John F. Lundgren **John F. Lundgren**	Lead Independent Director	November 19, 2020
/s/ Lloyd A. Carney **Lloyd A. Carney**	Director	November 19, 2020
/s/ Mary B. Cranston **Mary B. Cranston**	Director	November 19, 2020
/s/ Francisco Javier Fernández-Carbajal **Francisco Javier Fernández-Carbajal**	Director	November 19, 2020
/s/ Ramon Laguarta **Ramon Laguarta**	Director	November 19, 2020
/s/ Robert W. Matschullat **Robert W. Matschullat**	Director	November 19, 2020
/s/ Denise M. Morrison **Denise M. Morrison**	Director	November 19, 2020
/s/ Suzanne Nora Johnson **Suzanne Nora Johnson**	Director	November 19, 2020
/s/ John A. C. Swainson **John A. C. Swainson**	Director	November 19, 2020
/s/ Maynard G. Webb, Jr. **Maynard G. Webb, Jr.**	Director	November 19, 2020