ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis provides a review of the results of operations, financial condition and liquidity and capital resources of Visa Inc. and its subsidiaries (Visa, we, us, our or the Company) on a historical basis and outlines the factors that have affected recent earnings, as well as those factors that may affect future earnings. The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and related notes included in *Item 1—Financial Statements* of this report.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, our future financial position, results of operations and cash flows; prospects, developments, strategies and growth of our business; anticipated expansion of our products in certain countries and territories; industry developments; anticipated timing and benefits of our acquisitions; expectations regarding litigation matters, investigations and proceedings; timing and amount of stock repurchases; sufficiency of sources of liquidity and funding; effectiveness of our risk management programs; and expectations regarding the impact of recent accounting pronouncements on our unaudited consolidated financial statements. Forward-looking statements generally are identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “projects,” “could,” “should,” “will,” “continue” and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results or outcomes, or the timing of our results or outcomes, to differ materially from those expressed in, or implied by, any of these forward-looking statements in our SEC filings, including our Annual Report on Form 10-K, for the year ended September 30, 2025, and any subsequent reports on Forms 10-Q and 8-K. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Overview

Visa is a global payments technology company that facilitates secure, reliable and efficient global commerce and money movement. We provide transaction processing services (primarily authorization, clearing and settlement) among consumers, issuing and acquiring financial institutions and sellers. We are focused on extending, enhancing and investing in our proprietary advanced transaction processing network, VisaNet, to offer a single connection point for facilitating money movement to multiple endpoints through various form factors and innovative technologies across more than 200 countries and territories. Visa is not a financial institution. We do not issue cards, extend credit or set rates and fees for account holders of Visa products.

Financial overview. A summary of our GAAP and non-GAAP operating results is as follows:

	Three Months Ended December 31,		
	2025	**2024**	**% Change[(1)]**
	(in millions, except percentages and per share data)		
Net revenue	**$ 10,901**	$ 9,510	15%
Operating expenses	**$ 4,164**	$ 3,276	27%
Net income	**$ 5,853**	$ 5,119	14%
Diluted earnings per share	**$ 3.03**	$ 2.58	17%
Non-GAAP operating expenses[(2)]	**$ 3,391**	$ 2,917	16%
Non-GAAP net income[(2)]	**$ 6,124**	$ 5,463	12%
Non-GAAP diluted earnings per share[(2)]	**$ 3.17**	$ 2.75	15%

(1) Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.
(2) For a reconciliation of our GAAP to non-GAAP financial results, see tables in *Non-GAAP financial results* below.

Highlights. For the three months ended December 31, 2025, net revenue increased 15% over the prior-year comparable period, primarily due to the growth in nominal cross-border volume, processed transactions and nominal payments volume, partially offset by higher client incentives. See *Results of Operations—Net Revenue* below for further discussion. For the three months ended December 31, 2025, exchange rate movements increased our net revenue growth by approximately one percentage point.

For the three months ended December 31, 2025, operating expenses increased 27% over the prior-year comparable period, primarily driven by higher litigation provision. See *Results of Operations—Operating Expenses* below for further discussion. For the three months ended December 31, 2025, exchange rate movements increased our operating expense growth by approximately one-and-a-half percentage points.

For the three months ended December 31, 2025, non-GAAP operating expenses increased 16% over the prior-year comparable period, primarily driven by higher personnel, marketing, and general and administrative expenses.

Interchange multidistrict litigation. For the three months ended December 31, 2025, we recorded an additional accrual of $707 million to address claims associated with the interchange multidistrict litigation. We also made a deposit of $500 million into the U. S. litigation escrow account. The additional accrual related to the interchange multidistrict litigation could be higher or lower than the deposit made into the U.S. litigation escrow account. See *Note 4—U.S. and Europe Retrospective Responsibility Plans* and *Note 14—Legal Matters* to our unaudited consolidated financial statements.

Common stock repurchases. For the three months ended December 31, 2025, we repurchased 11 million shares of our class A common stock in the open market for $3.8 billion. As of December 31, 2025, our share repurchase program had remaining authorized funds of $21.1 billion. See *Note 10—Stockholders' Equity* to our unaudited consolidated financial statements.

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.

We exclude the following from our GAAP financial results to arrive at our non-GAAP financial results:

- *Gains and losses on equity investments.* Gains and losses on equity investments include periodic non-cash fair value adjustments and gains and losses upon sale of an investment. These long-term investments are strategic in nature and are primarily private company investments. Gains and losses associated with these investments are tied to the performance of the companies that we invest in and therefore do not correlate to the underlying performance of our business.

- *Amortization of acquired intangible assets.* Amortization of acquired intangible assets consists of amortization of intangible assets such as technology and customer relationships acquired in connection with business combinations executed beginning in fiscal 2019. Amortization charges for our acquired intangible assets are non-cash and are significantly affected by the timing, frequency and size of our acquisitions, rather than our core operations. As such, we have excluded this amount to facilitate an evaluation of our current operating performance and comparison to our past operating performance.

- *Acquisition-related costs.* Acquisition-related costs consist primarily of one-time transaction and integration costs associated with our business combinations. These costs include professional fees, technology integration fees, restructuring activities and other direct costs related to the purchase and integration of acquired entities. These costs also include retention equity and deferred compensation when they are agreed upon as part of the purchase price of the transaction but are required to be recognized as expense post-combination. We have excluded these amounts as the expenses are recognized for a limited duration and do not reflect the underlying performance of our business.

- *Litigation provision.* Litigation provision includes significant accruals related to certain legal matters that are not covered by the U.S. retrospective responsibility plan or the Europe retrospective responsibility plan (uncovered legal matters) and additional accruals associated with the interchange multidistrict litigation which are covered by the U.S. retrospective responsibility plan (U.S. covered litigation). Litigation provision associated with these matters can vary significantly based on the facts and circumstances related to each matter and do not correlate to the underlying performance of our business. For the three months ended December 31, 2025 and 2024, we have excluded these amounts to facilitate a comparison to our past operating performance.

  Under the U.S. retrospective responsibility plan, we recover the monetary liabilities related to the U.S. covered litigation through a downward adjustment to the rate at which shares of our class B-1 and class B-2 common stock ultimately convert into shares of class A common stock. For the three months ended December 31, 2025, basic and diluted earnings per class A common stock was unchanged as a result of the downward adjustments of the class B-1 and B-2 common stock conversion rates during the period. For the three months ended December 31, 2024, there was no conversion rate adjustment. See *Note 4—U.S. and Europe Retrospective Responsibility Plans* and *Note 14—Legal Matters* to our unaudited consolidated financial statements.

- *Deferred tax benefit.* For the three months ended December 31, 2025, we recorded a deferred tax benefit within income tax provision due to a change in the U.S. taxation of certain foreign earnings. We have excluded this one-time non-cash benefit as it is not representative of our ongoing operations.

- *Severance costs.* For the three months ended December 31, 2024, we recorded severance costs within personnel expense to realign our organizational structure and focus on areas that will drive higher long-term growth. This broad-based optimization effort has been excluded as it is not representative of our ongoing operations.

- *Lease consolidation costs.* For the three months ended December 31, 2024, we recorded a charge within general and administrative expense associated with the consolidation of certain leased office spaces. We have excluded this amount as it does not reflect the underlying performance of our business.

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

	Three Months Ended December 31, 2025					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision[1]	Effective Income Tax Rate[2]	Net Income	Diluted Earnings Per Share[2]
	(in millions, except percentages and per share data)					
GAAP	$ 4,164	$ (11)	$ 873	13.0%	$ 5,853	$ 3.03
(Gains) losses on equity investments, net	—	7	2		5	—
Amortization of acquired intangible assets	(54)	—	14		40	0.02
Acquisition-related costs	(12)	—	1		11	0.01
Litigation provision	(707)	—	159		548	0.28
Deferred tax benefit	—	—	333		(333)	(0.17)
Non-GAAP	$ 3,391	$ (4)	$ 1,382	18.4%	$ 6,124	$ 3.17

	Three Months Ended December 31, 2024					
	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision[1]	Effective Income Tax Rate[2]	Net Income	Diluted Earnings Per Share[2]
	(in millions, except percentages and per share data)					
GAAP	$ 3,276	$ (34)	$ 1,081	17.4%	$ 5,119	$ 2.58
(Gains) losses on equity investments, net	—	75	17		58	0.03
Amortization of acquired intangible assets	(46)	—	11		35	0.02
Acquisition-related costs	(34)	—	2		32	0.02
Severance costs	(213)	—	45		168	0.08
Lease consolidation costs	(39)	—	9		30	0.02
Litigation provision	(27)	—	6		21	0.01
Non-GAAP	$ 2,917	$ 41	$ 1,171	17.7%	$ 5,463	$ 2.75

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

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

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

The following table presents nominal payments and cash volume:

	U.S.		International		Visa	
	Three Months Ended September 30,[1]					
	2025	2024	2025	2024	2025	2024
	(in billions)					
Nominal payments volume						
Consumer credit	**$ 653**	$ 610	**$ 841**	$ 773	**$ 1,494**	$ 1,382
Consumer debit[2]	**833**	771	**933**	827	**1,766**	1,598
Commercial[3]	**290**	268	**183**	160	**473**	428
Total nominal payments volume[4]	**$ 1,775**	$ 1,649	**$ 1,957**	$ 1,760	**$ 3,732**	$ 3,409
Cash volume[5]	**153**	151	**491**	478	**644**	628
Total nominal volume[4],[6]	**$ 1,928**	$ 1,800	**$ 2,447**	$ 2,237	**$ 4,376**	$ 4,037

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

	U.S.	International		Visa	
	Three Months Ended September 30, 2025 vs. 2024[1],[4]				
	Nominal	Nominal	Constant[7]	Nominal	Constant[7]
Payments volume growth					
Consumer credit growth	7%	9%	9%	8%	8%
Consumer debit growth[2]	8%	13%	10%	10%	9%
Commercial growth[3]	8%	15%	14%	10%	10%
Total payments volume growth	8%	11%	10%	9%	9%
Cash volume growth[5]	2%	3%	2%	2%	2%
Total volume growth	7%	9%	8%	8%	8%

(1) Service revenue in a given quarter is primarily assessed based on nominal payments volume in the prior quarter. Therefore, service revenue reported for the three months ended December 31, 2025 and 2024, respectively, was based on nominal payments volume reported by our financial institution clients for the three months ended September 30, 2025 and 2024, respectively. On occasion, previously presented volume information may be updated. Prior period updates are not material.
(2) Includes consumer prepaid volume and Interlink volume.
(3) Includes large, medium and small business credit and debit, as well as commercial prepaid volume.
(4) Figures in the table may not recalculate exactly due to rounding. Percentage changes and totals are calculated based on unrounded numbers.
(5) Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks.
(6) Total nominal volume is the sum of total nominal payments volume and cash volume. Total nominal volume is provided by our financial institution clients, subject to review by Visa.
(7) Growth on a constant-dollar basis excludes the impact of foreign currency fluctuations against the U.S. dollar.

The following table presents the number of processed transactions:

	Three Months Ended December 31,		
	2025	2024	% Change[1]
	(in millions, except percentages)		
Visa processed transactions	**69,400**	63,797	9%

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

Results of Operations

Net Revenue

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

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	% Change[1]
	(in millions, except percentages)		
U.S.	**$ 4,163**	$ 3,738	11%
International	**6,738**	5,772	17%
Net revenue	**$ 10,901**	$ 9,510	15%

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

Net revenue increased over the three-month prior-year comparable period primarily due to the growth in nominal cross-border volume, processed transactions and nominal payments volume, partially offset by higher client incentives.

Our net revenue is impacted by the overall strengthening or weakening of the U.S. dollar as payments volume and related revenue denominated in local currencies are converted to U.S. dollars. For the three months ended December 31, 2025, exchange rate movements increased our net revenue growth by approximately one percentage point.

The following table presents the components of our net revenue:

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	% Change[1]
	(in millions, except percentages)		
Service revenue	**$ 4,760**	$ 4,208	13%
Data processing revenue	**5,544**	4,745	17%
International transaction revenue	**3,652**	3,442	6%
Other revenue	**1,214**	912	33%
Client incentives	**(4,269)**	(3,797)	12%
Net revenue	**$ 10,901**	$ 9,510	15%

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

- *Service revenue* increased over the three-month prior-year comparable period primarily due to growth in nominal payments volume of 9%, select pricing modifications and growth in card benefits.
- *Data processing revenue* increased over the three-month prior-year comparable period primarily due to growth in processed transactions of 9%, select pricing modifications, growth in value-added services and higher cross-border transaction mix.
- *International transaction revenue* increased over the three-month prior-year comparable period primarily due to growth in nominal cross-border volume of 15%, excluding transactions within Europe, partially offset by lower volatility of a broad range of currencies and business mix.
- *Other revenue* increased over the three-month prior-year comparable period primarily due to growth in Advisory and Other Services and select pricing modifications.
- *Client incentives* increased over the three-month prior-year comparable period primarily due to growth 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.

For the three months ended December 31, 2025 and 2024, revenue from value-added services was $3.2 billion and $2.4 billion, respectively. Value-added services revenue increased 32% over the three-month prior-year comparable period primarily due to growth in Issuing Solutions, Acceptance Solutions and Advisory and Other Services.

Operating Expenses

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

	Three Months Ended December 31,		
	2025	2024	% Change[1]
	(in millions, except percentages)		
Personnel	**$ 1,764**	$ 1,813	(3%)
Marketing	**410**	306	34%
Network and processing	**233**	207	12%
Professional fees	**208**	143	46%
Depreciation and amortization	**326**	282	16%
General and administrative	**515**	481	7%
Litigation provision	**708**	44	NM
Total operating expenses	**$ 4,164**	$ 3,276	27%

NM – Not meaningful

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

- *Personnel expenses* decreased over the three-month prior-year comparable period primarily due to severance costs in the prior year to realign our organizational structure, partially offset by a higher number of employees and compensation focused on areas that will drive higher long-term growth, including acquisitions.
- *Marketing expenses* increased over the three-month prior-year comparable period primarily due to higher spending in various campaigns, including for client marketing and the FIFA World Cup 2026™.
- *Professional fees* increased over the three-month prior-year comparable period primarily due to higher legal fees and higher expenses associated with client engagements.
- *Depreciation and amortization expenses* increased over the three-month prior-year comparable period primarily due to additional amortization and depreciation from our on-going investments and acquisitions.
- *Litigation provision* increased over the three-month prior-year comparable period primarily due to higher accruals related to the U.S. covered litigation. See *Note 14—Legal Matters* to our unaudited consolidated financial statements.

Non-operating Income (Expense)

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

	Three Months Ended December 31,		
	2025	2024	% Change[1]
	(in millions, except percentages)		
Interest expense	**$ (194)**	$ (182)	7%
Investment income (expense) and other	**183**	148	23%
Total non-operating income (expense)	**$ (11)**	$ (34)	(65%)

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

- *Investment income (expense) and other* increased over the three-month prior-year comparable period primarily due to lower losses on our equity investments, partially offset by lower interest income on our cash and investments.

Effective Income Tax Rate

The following table presents our effective income tax rates:

	Three Months Ended December 31,	
	2025	2024
Effective income tax rate	**13%**	17%

The effective income tax rate decreased over the three-month prior-year comparable period primarily due to a $333 million deferred tax benefit recognized due to a change in the U.S. taxation of certain foreign earnings.

Liquidity and Capital Resources

Cash Flow Data

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

	Three Months Ended December 31,	
	2025	2024
	(in millions)	
Total cash provided by (used in):		
Operating activities	**$ 6,780**	$ 5,396
Investing activities	**$ 361**	$ 790
Financing activities	**$ (8,986)**	$ (5,475)

Operating activities. Cash provided by operating activities increased over the three-month prior-year comparable period primarily due to growth in our underlying business.

Investing activities. Cash provided by investing activities decreased over the three-month prior-year comparable period primarily due to lower proceeds from maturities and sales of investment securities, partially offset by the absence of cash paid for acquisitions.

Financing activities. Cash used in financing activities increased over the three-month prior-year comparable period primarily due to the principal debt repayment upon maturity of our senior notes due December 2025.

Sources of Liquidity

Our primary sources of liquidity are cash on hand, cash flow from our operations, our investment portfolio and access to various equity and borrowing arrangements. Funds from operations are maintained in cash and cash equivalents and short-term or long-term investment securities based upon our funding requirements, access to liquidity from these holdings and the returns that these holdings provide. Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we believe that our current and projected sources of liquidity will be sufficient to meet our projected liquidity needs for more than the next 12 months. We will continue to assess our liquidity position and potential sources of supplemental liquidity in view of our operating performance, current economic and capital market conditions and other relevant circumstances.

Uses of Liquidity

There has been no significant change to our primary uses of liquidity since September 30, 2025, except as discussed below.

Common stock repurchases. For the three months ended December 31, 2025, we repurchased shares of our class A common stock in the open market for $3.8 billion. As of December 31, 2025, our share repurchase program had remaining authorized funds of $21.1 billion. See *Note 10—Stockholders' Equity* to our unaudited consolidated financial statements.

Dividends. For the three months ended December 31, 2025, we declared and paid $1.3 billion in dividends to holders of our common and preferred stock. On January 27, 2026, our board of directors declared a quarterly cash dividend of $0.67 per share of class A common stock (determined in the case of all other outstanding common and preferred stock on an as-converted basis). We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. See *Note 10—Stockholders' Equity* to our unaudited consolidated financial statements.

Senior notes. During the three months ended December 31, 2025, we repaid $4.0 billion of principal upon maturity of our senior notes due December 2025. A principal payment on our senior notes of €1.4 billion ($1.6 billion) is due in June 2026 for which we have sufficient liquidity. See *Note 7—Debt* to our unaudited consolidated financial statements.

Litigation. For the three months ended December 31, 2025, we deposited $500 million into the U.S. litigation escrow account to address claims associated with the interchange multidistrict litigation. The balance of this account as of December 31, 2025 was $3.3 billion and is reflected as restricted cash in our consolidated balance sheets. See *Note 4—U.S. and Europe Retrospective Responsibility Plans* and *Note 14—Legal Matters* to our unaudited consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, which provides improvements to income tax disclosures. This standard requires disaggregated information related to the effective tax rate reconciliation as well as information on income taxes paid. This ASU is effective for our annual periods beginning October 1, 2025, and requires prospective application with the option to apply the standard retrospectively. We are currently evaluating the impact of the ASU on our disclosures.

In November 2024, the FASB issued ASU 2024-03, which requires disclosure of additional information about specific expense categories underlying certain income statement expense line items. Subsequently, the FASB also issued an amendment to this standard. The amendments in the ASU are effective for our annual periods beginning October 1, 2027, and interim periods beginning October 1, 2028, and require either prospective or retrospective application. We are currently evaluating the impact of the ASU on our disclosures.

In September 2025, the FASB issued ASU 2025-06, which modernizes the accounting for internal-use software by eliminating project stage-based capitalization and clarifying the probable-to-complete threshold to commence the capitalization of software costs. This ASU is effective for our annual and interim periods beginning October 1, 2028, and transition approaches include prospective, retrospective or modified methods. We are currently evaluating the impact of the ASU on our consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes to our market risks since September 30, 2025.

ITEM 4. Controls and Procedures

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

Changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting that occurred during our first quarter of fiscal 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.