PicPay
PICS

From Engagement to Monetization

Initiating Coverage on PicPay

Equity Research

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PicPay (PICS)

From Engagement to Monetization

Initiating with BUY; TP of $18/shr. for 2026E

We initiate coverage on PicPay (PICS) with a BUY rating and TP of $18/shr., supported by a clear re-rating story driven by credit scaling. The company already operates a scaled and highly engaged wallet (~44 mn active users) that structurally lowers CAC and generates proprietary data, creating a powerful flywheel that supports underwriting, cross-sell, and monetization. This foundation enables a rapid credit ramp-up (loan book $CAGR_{2025-28}$ of 40%), driving NII growth and NIMs, ultimately translating into ~90% net income CAGR and ROE that should reach ~26% in 2027. **Despite this, the stock trades at a steep discount (~7x P/E vs. ~15x for Nubank), implying ~64% upside, as the market underprices the ability to scale credit profitably, creating an attractive high-risk, high-reward setup where execution on credit, regulatory risks, and macro remain the key variables to monitor.**

The Engine Beneath the Ecosystem. PicPay's core edge lies in its scaled and highly engaged wallet, which functions as the primary distribution and data engine of the business. With ~44 mn active users, strong TPV growth and increasing product adoption, the platform embeds itself in daily financial behavior, enabling structurally low CAC, high engagement, and continuous data generation across transactions and accounts. This creates a powerful flywheel where engagement drives data, which enhances underwriting, cross-sell, and monetization.

Monetizing Scale Through Credit. The key value driver is the rapid expansion of the credit portfolio, expected to grow from ~R$24 bn in 2025 to ~R$64 bn by 2028 (~40% CAGR), with credit becoming ~70% of revenues. This drives strong NII growth, supported by high NIMs (~15%+) and a richer yield mix, while increasing balance sheet leverage enhances returns. At the same time, op. leverage is significant, resulting in strong earnings growth (~90% net income CAGR) and ROE recovering toward ~30% as capital is deployed.

Valuation. Despite this strong growth and improving profitability profile, PicPay trades at a significant discount to peers (~7x P/E 2026 vs. ~15x for Nubank), reflecting execution risk, shorter credit track record, and higher perceived asset quality volatility. Our valuation implies substantial upside (~64%), supported by a DDM with ~18% Ke. In this context, the thesis offers a high-risk, high-reward profile, where risk seems to be excessively discounting and successful execution on credit scaling could unlock a meaningful re-rating.

Risks: (i) Execution on credit; (ii) Tighter regulation; and (iii) Macro deterioration.

PicPay (PICS)	**Buy**
Target Price ($/shr.)	18.0
Current Price ($/shr.)	11.0
Upside (%)	*63.6%*
Market Cap ($ bn)	1.4
Free Float (%)	*17.6%*
ADTV ($ mn)	5.2

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Figure 01: PicPay Estimates

R$ mn	2025	2026e	2027e	2028e	2029e	2030e
Total Revenue and Financial Income	**10,278**	**15,438**	**20,310**	**25,801**	**32,190**	**39,039**
NII	4,887	7,910	11,421	15,957	20,317	24,823
Allowance for Loan Losses	**-2,529**	**-4,706**	**-6,812**	**-9,197**	**-11,517**	**-13,950**
Operating Expenses	-3,241	-3,524	-3,854	-4,209	-4,574	-4,858
EBT	317	1,266	2,690	4,640	6,592	8,623
Adj. Net Income	**502**	**960**	**2,044**	**3,387**	**4,746**	**6,122**
P/E (x)	-	*7.4*	*3.5*	*2.1*	*1.5*	*1.2*
P/B (x)	-	*1.0*	*0.8*	*0.6*	*0.4*	*0.3*
ROE (%)	*17.8%*	*17.8%*	*25.9%*	*31.9%*	*32.3%*	*31.8%*

Summary

Investment Thesis

The Engine Beneath the Ecosystem

Monetizing Scale Through Credit

Risks

Financials & Valuation

Company Overview



PicPay

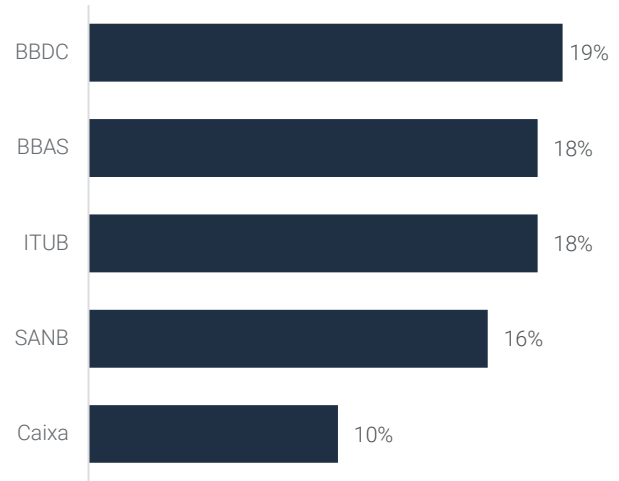
Investment Thesis

Investment Thesis

Our Thesis in a Few Charts

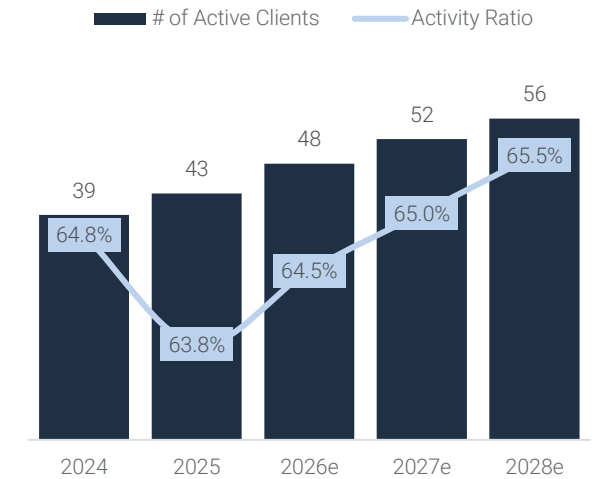
Capturing share from incumbent banks...

New PicPay Clients Origin's Banks



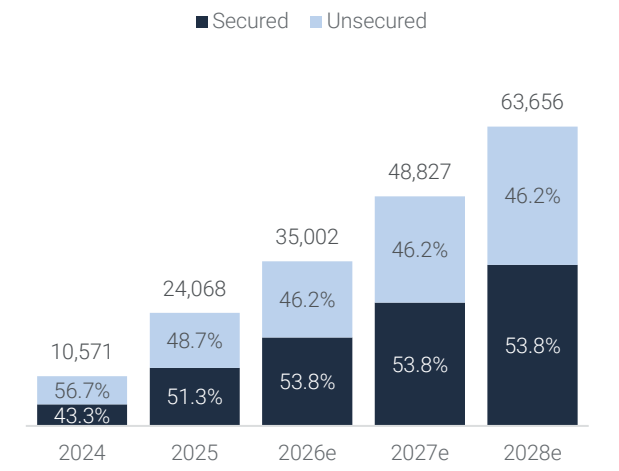
...building a scalable and highly engaged platform...

PicPay Active Customer Evolution (mn)



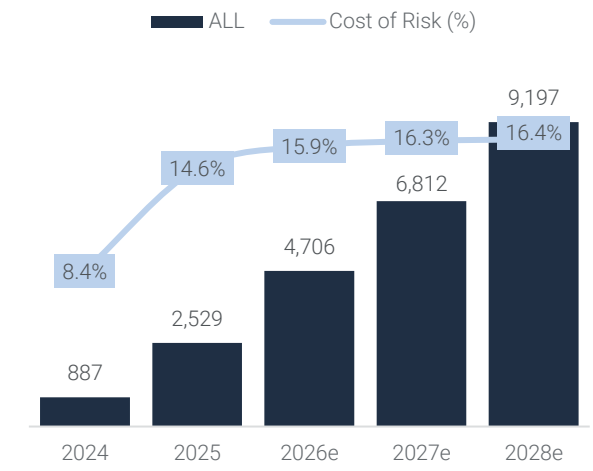
...enabling rapid credit expansion...

PicPay Portfolio Evolution (mn)



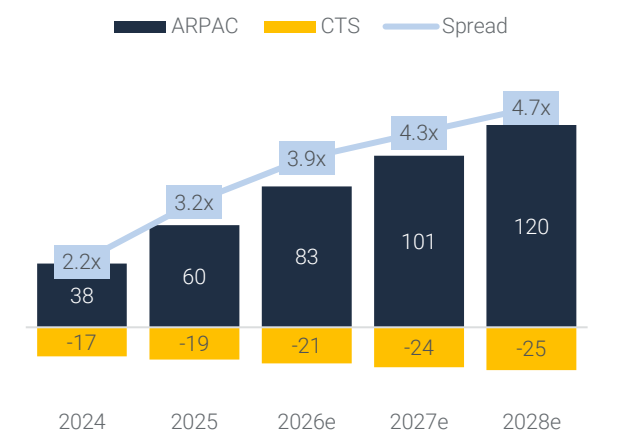
...despite pressure on asset quality...

PicPay ALL and CoR Evolution (R$ mn, %)



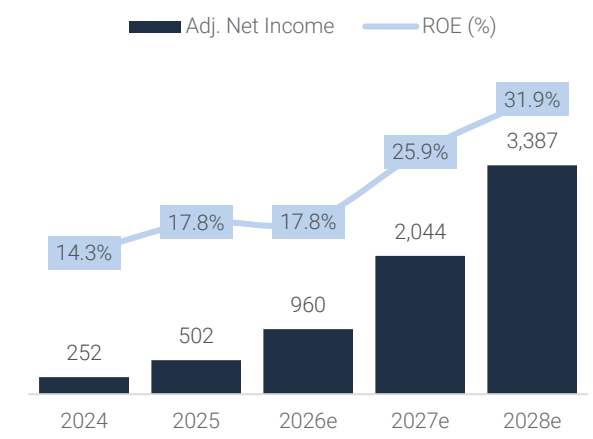
...supported by strong operating leverage...

PicPay ARPAC x CTS (R$/Act. Customer)



...driving profitability expansion.

Adj. Net Income and ROE (R$ mn)



Investment Thesis

BUY recommendation with TP of $18/shr.

Our Buy recommendation is supported by the following main pillars:

1. Wallet Scale and Customer Acquisition. PicPay is capturing share from incumbent banks through a highly engaged wallet (~44mn active users), embedding itself in users' daily financial lives. This drives high activity, growing product adoption, and increasing primacy over time. The result is a large, qualified base that can be monetized efficiently.
2. Scalable Platform and Data Advantage. The platform operates at scale with structurally low CAC and generates rich proprietary data from transactions and account aggregation. This data enhances underwriting accuracy and enables effective cross-sell as cohorts mature. As a result, ARPAC increases while maintaining cost efficiency.
3. Credit Expansion as Core Monetization. PicPay leverages its distribution to scale credit rapidly (~R$24 bn to ~R$64 bn 2025-28), shifting revenue mix toward lending (~70%). A balanced secured/unsecured mix supports both scale and yield expansion. Credit becomes the main earnings engine of the business.
4. Managing Risk Through the Cycle. Rapid growth brings asset quality pressure as the portfolio seasons and exposure to lower-income segments increases. However, this is largely expected and priced-in through spreads and provisioning, supporting risk-adjusted returns as the book scales.
5. Operating Leverage and Valuation Upside. Revenue growth significantly outpaces costs, driving strong operating leverage, earnings acceleration, and ROE expansion toward ~30%. Despite this, the stock trades at a steep discount (~7x P/E), reflecting execution risk. Successful delivery on credit scaling should unlock a meaningful re-rating.

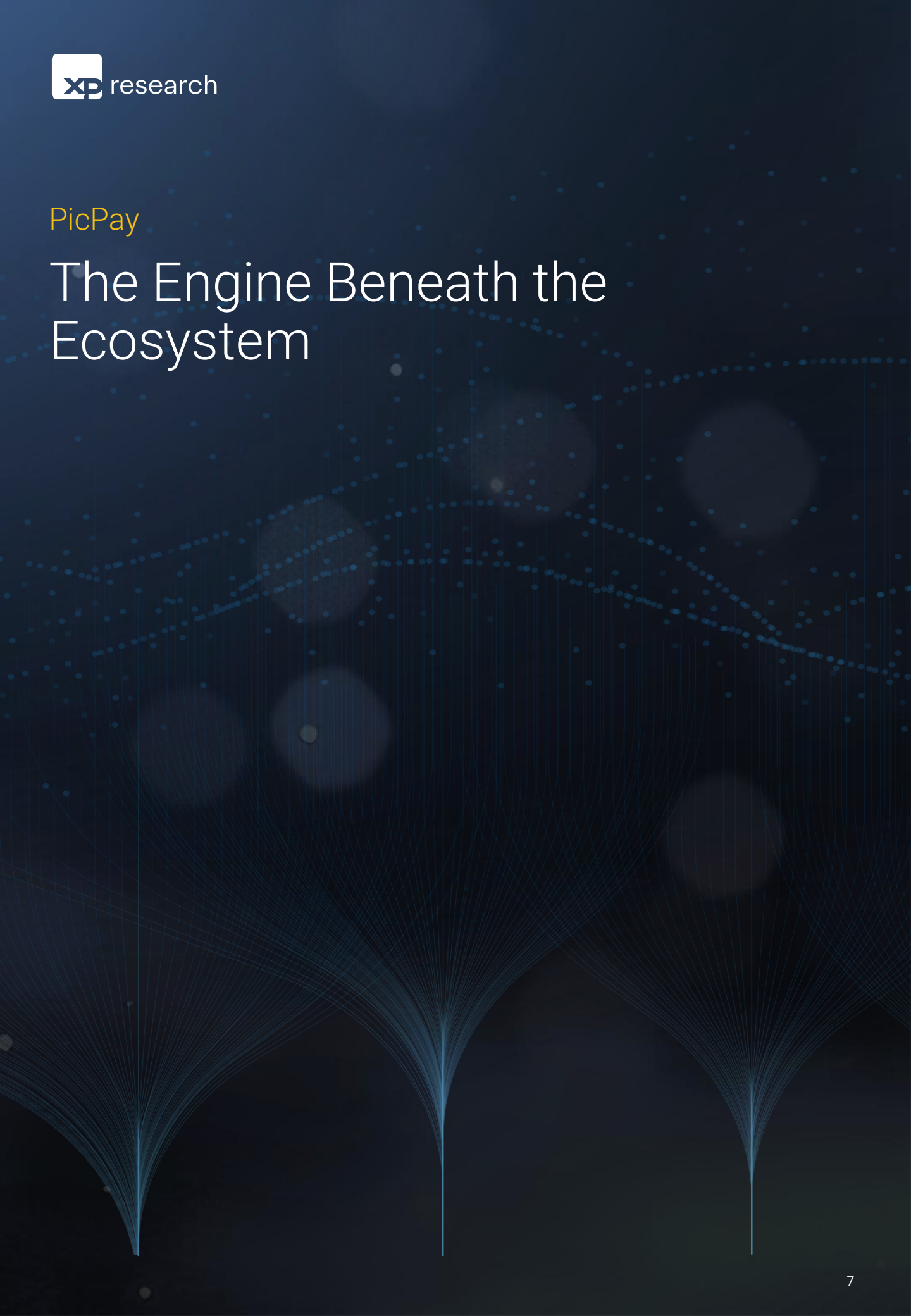
Key risks to monitor:

1. Credit Execution. Rapid loan growth exposes the model to underwriting errors, especially given the still-short on-balance-sheet track record. As the portfolio seasons, NPLs and cost of risk may surprise negatively.
2. Regulatory Pressure. Key monetization levers, particularly products like Pix financing, face regulatory and competitive scrutiny. Any tightening could compress spreads or limit the scalability of high-margin products.
3. Macro Sensitivity. With ~85% of clients concentrated in lower-income segments, the portfolio is more exposed to income volatility, high leverage, and economic cycles. A weaker macro environment could drive higher delinquencies, pressure risk-adjusted returns, and slow credit growth.

Figure 02: XP Comps Table[1]

Company	Ticker	Recommendation	Price (R$/share)		Upside (%)	P/E		P/B	
			Current	Target		2026E	2027E	2026E	2027E
Incumbent Banks									
Banco do Brasil	BBAS3	Neutral	19.4	25.0	29%	4.7x	4.0x	0.5x	0.5x
Bradesco	BBDC4	Neutral	17.7	24.0	36%	6.3x	5.1x	0.9x	0.8x
Santander	SANB11	Buy	27.1	44.0	62%	5.8x	5.1x	1.0x	0.9x
Itaú Unibanco	ITUB4	Buy	40.5	51.0	26%	8.9x	8.0x	2.1x	2.0x
Banks									
Agibank	AGBK	Buy	7.0	13.0	88%	5.3x	3.9x	1.0x	0.9x
Banco Mercantil	BMEB4	Buy	73.0	112.0	53%	5.2x	3.8x	2.0x	1.4x
Banco Pine	PINE4	Buy	13.4	22.4	67%	4.6x	3.6x	1.4x	1.1x
Payments									
Stone	STNE	Buy	11.0	23.2	111%	4.9x	3.5x	1.0x	0.9x
Pagbank	PAGS	Buy	9.0	11.4	27%	5.9x	5.0x	0.9x	0.9x
Capital Markets									
B3	B3SA3	Neutral	15.0	16.0	6%	13.3x	11.4x	3.7x	3.7x
BR Partners	BRBI11	Buy	14.9	26.0	41%	7.2x	6.0x	1.8x	1.6x
BTG Pactual	BPAC11	Buy	50.7	63.0	24%	9.7x	8.6x	2.4x	2.1x
Neobanks & Fintechs									
Inter & Co	INBR32	Neutral	29.3	45.0	54%	7.2x	6.3x	1.1x	1.0x
Nubank	ROXO34	Buy	12.7	21.0	65%	15.1x	11.4x	4.0x	3.2x
PicPay	PICS	Buy	11.0	18.0	63%	7.4x	3.5x	1.0x	0.8x
Insurance									
Caixa Seguridade	CXSE3	Buy	18.7	20.0	7%	12.3x	11.5x	4.5x	4.4x

Source: XP Research. Notes: [1] PICS, AGBK and NU in USD.



PicPay

The Engine Beneath the Ecosystem

The Engine Beneath the Ecosystem

Data, engagement, and cross-sell supporting a profitable model

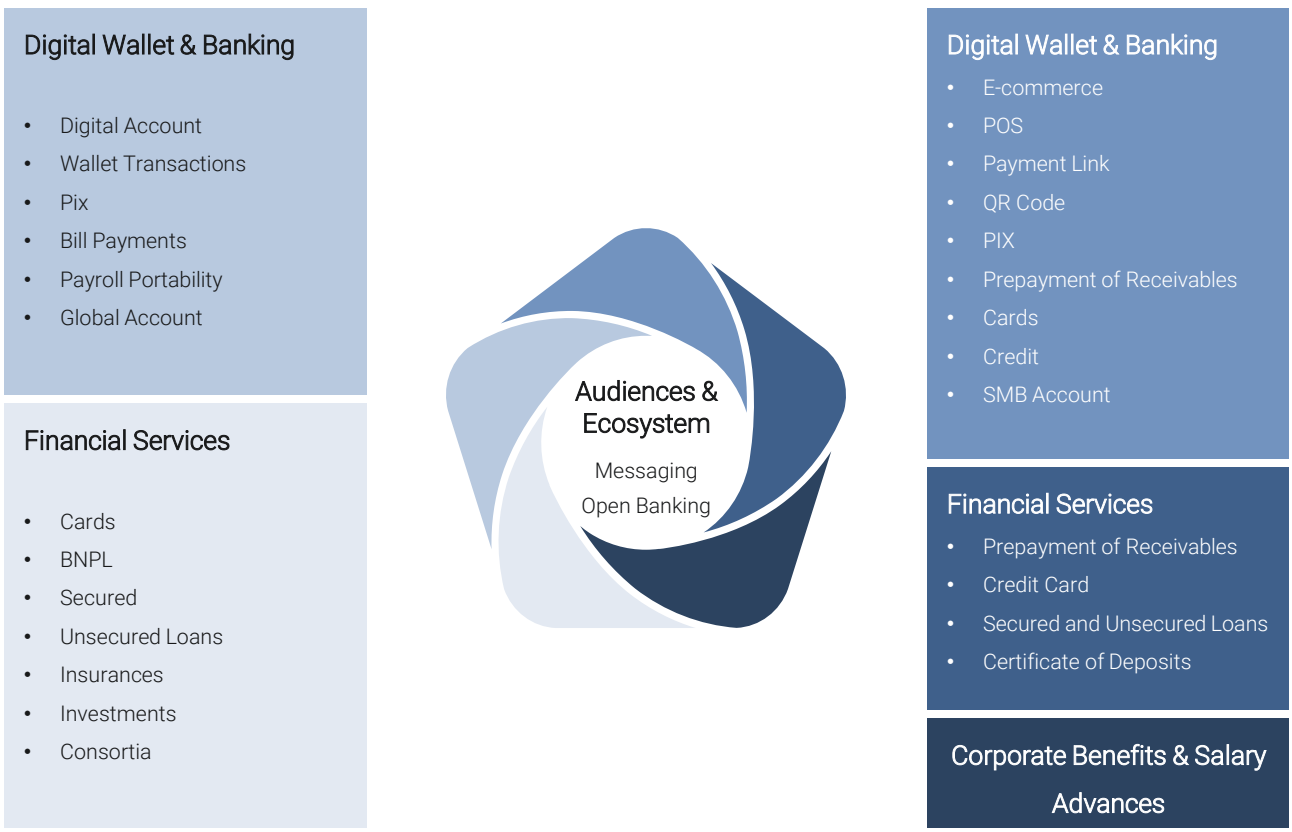
PicPay's digital wallet sits at the core of its business model and should be understood as the foundational layer that enables both engagement and monetization. The platform was originally built as a P2P transfers and payments ecosystem, allowing users to perform instant transactions, QR-code payments, and manage everyday financial activities, well before the launch of Pix. As a result, the wallet became deeply embedded in users' daily routines, driving high-frequency interactions and positioning PicPay as a relevant interface for day-to-day financial management, translating into 44 mn of active users, R$156 bn TPV and R$31 bn deposit inflows (1Q26 figures), which represents a CAGR of 16%, 39% and 51% from 2022 to 2025, respectively.

A key differentiating feature of PicPay's wallet is its positioning as an "account aggregator", effectively serving as an "account of all accounts". The platform allows users to link external bank accounts, managing balances across institutions and registering third-party credit cards within the app. In our view, this dynamics allows high customer engagement, data collection and monetization:

- Beyond convenience, this integration layer generates a meaningful data basis, which, combined with Open Finance integrations and external data sources, allows the company to build a more comprehensive understanding of user behavior;
- The wallet also plays a central role in driving engagement dynamics and cross-sell. Notably, cohorts tend to adopt more products as they mature, suggesting improving unit economics with tenure;
- From a monetization standpoint, the wallet initially supported an asset-light revenue model, driven by transaction fees, interchange, float, and payment-related services.

In this context, PicPay's digital wallet should be viewed as the primary driver of its competitive positioning. It enables high engagement, data collection, and underpins the company's transition toward a more profitable, credit-driven model, not eliminating execution risk, but rather strengthening a diversified base of revenue and customer acquisition that generates high-quality data to properly calibrate credit models for expansion.

Figure 03: PicPay's Financial Services Ecosystem



Source: Companies and XP Research.

Building Primacy, Expanding ARPAC. PicPay's new client inflows largely come from incumbent banks, highlighting its ability to capture already banked customers. While Pix consent share through Open Finance remains below leading peers (4.0% vs. Nubank at 14.2% and Mercado Pago at 7.4%), the steady build-up of consents, combined with rising cross-sell intensity (products per customer trending toward ~4.2) and ~31% principal banking share in mature cohorts, supports a clear path to deepen engagement and drive ARPAC.

Figure 04 New PicPay Clients Origin's Banks

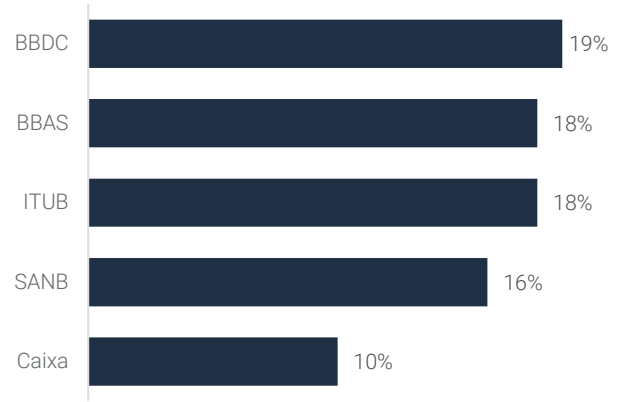


Figure 05: Share of Active Consents Received (%)

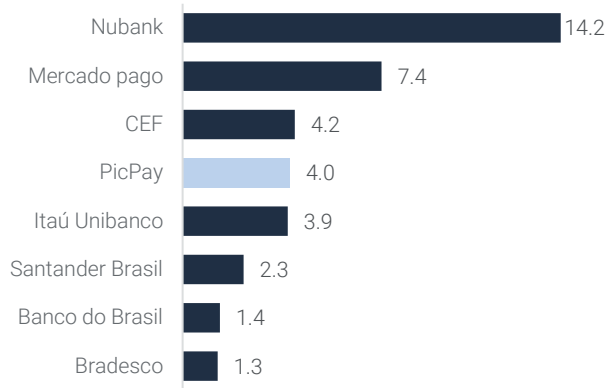


Figure 06: PicPay's One-Stop-Shop Model

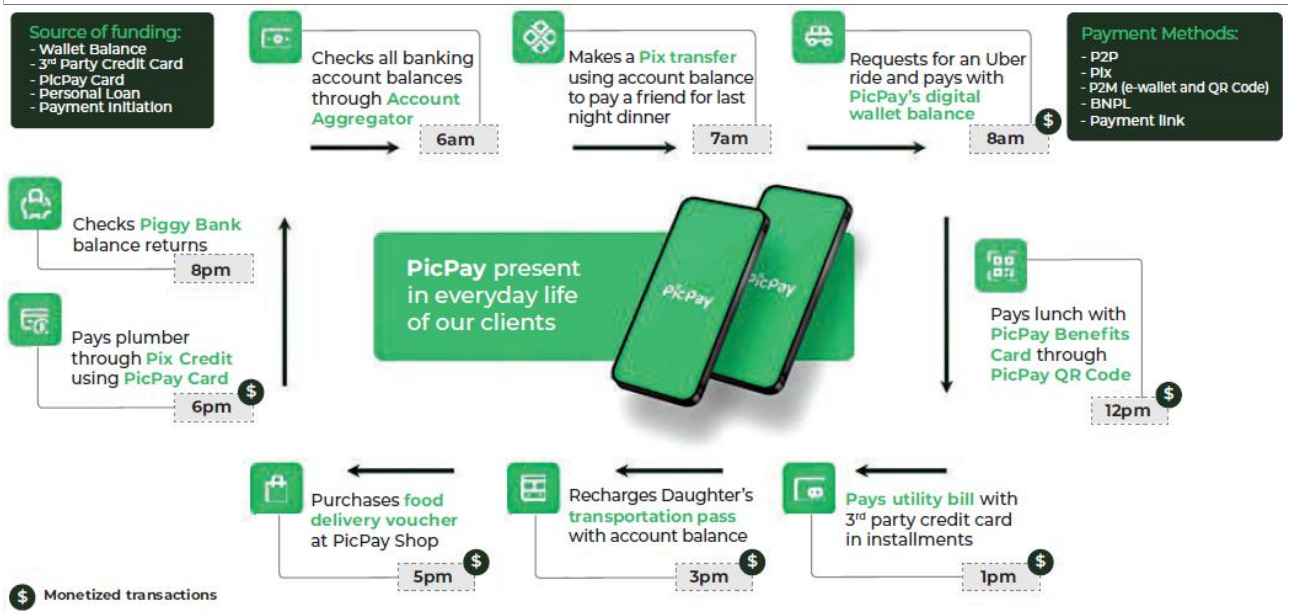


Figure 07: PicPay's Cross-Selling Index

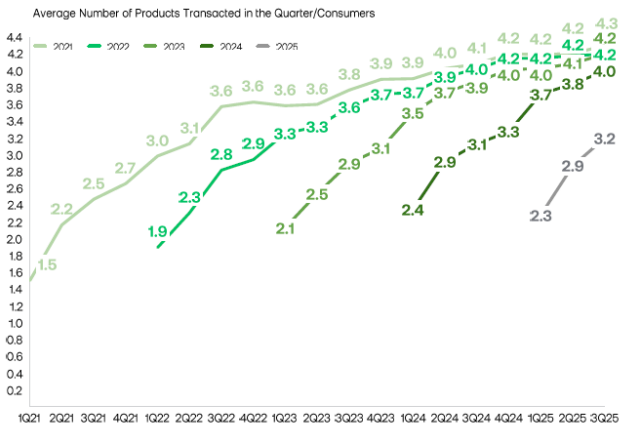
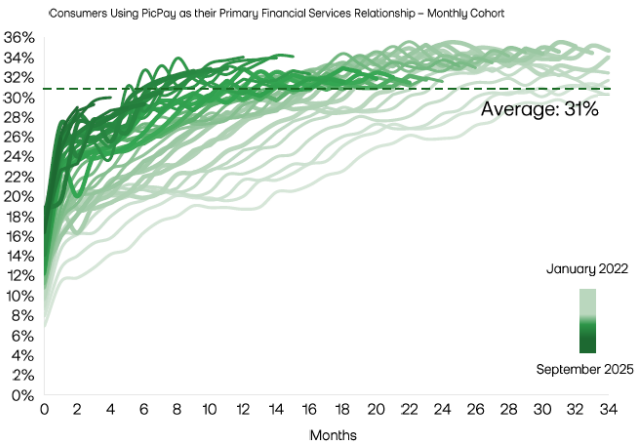


Figure 08: PicPay's Principality per Monthly Cohort



In our view, PicPay's evolution reflects a deliberate, sequential build-out of capabilities, where each phase laid the foundation for the next. The company started in 2010–11 as a simple P2P payments and QR code application, focused on enabling frictionless money transfers between individuals. From 2012 to 2021, PicPay scaled this foundation by embedding itself into users' daily financial routines through payments, bill pay, and PIX, building a high-frequency engagement layer before introducing any credit at scale. This period was critical, as it allowed the company to start accumulate behavioral data, effectively creating the backbone for future monetization.

In 2022, PicPay entered a new phase, launching products such as credit cards and personal loans, as well as investments and advertising solutions, leveraging the wallet as a distribution channel for higher-margin offerings. In 2023, the strategy deepened further with the addition of secured lending (FGTS, payroll), Open Finance capabilities, and SMB solutions, marking the transition from a consumer wallet to a broader financial ecosystem. By 2025, PicPay reached what can be described as a monetization maturity phase, where the focus shifts toward maximizing returns on the installed base. The company scales secured and unsecured lending, embedded financial services, and insurance (via KOVR), while distributing these products across a large and engaged user base with minimal incremental CAC. Overall, this trajectory illustrates a clear strategic progression from payments, engagement and full ecosystem monetization, underpinning the current investment thesis centered on ARPAC expansion and operating leverage.

Figure 09: Wallet & Banking — Product Roadmap 2010–2025

Period	Phase	Strategic Significance
2010–2012	P2P Launch	PicPay founded as a peer-to-peer transfer and QR code payments app. The name itself — picture plus payments — encodes the original value proposition: frictionless, visual money movement between individuals.
2012–2021	Payments & Services Core	QR Code, P2P, bill payments, Pix integrated as foundational layer. PicPay establishes itself around daily-use financial behaviors before any credit product exists. The wallet accumulates behavioral data across millions of transactions.
2022	Financial Services Expansion	PicPay Card and Personal Loan launched. Investments, Secured Credit Card, Payroll Advance and PicPay Ads introduced. The wallet begins functioning as a distribution channel for higher-margin products built on top of existing relationships.
2023	Ecosystem Deepening	FGTS Loan, Banking License, Open Finance / PFM, P2B Lending, Piggy Bank, Payroll Loan and BNPL added. Full Acquiring launched for SMBs. The platform transitions from consumer wallet to two-sided financial ecosystem.
2024	SMB and Advanced Products	Private Pension Plan, POS Terminals, Health and House Insurance, Autosecured Loan, Account Aggregator, Corporate Benefit, Cell Phone Insurance, Payroll Portability, International Remittances and Foreign Exchange.
2025	Monetization Maturity	Private Payroll Loan, E-commerce, Digital Wallet Insurance, SMB Secured Card, Travel and Fueling Services. KOVR acquisition adds insurance broker, pension and capitalization products distributed at near-zero incremental CAC to 64 million accounts.

Figure 10: Total TPV (R$ bn)

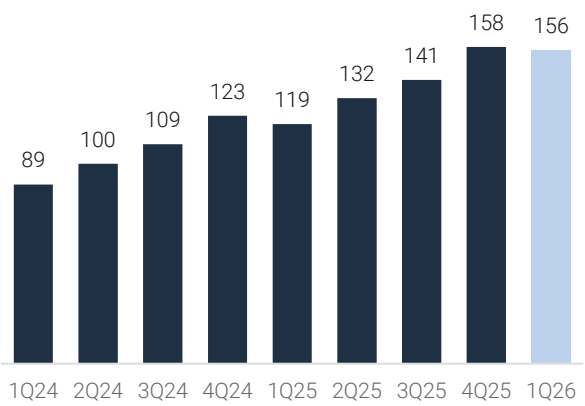
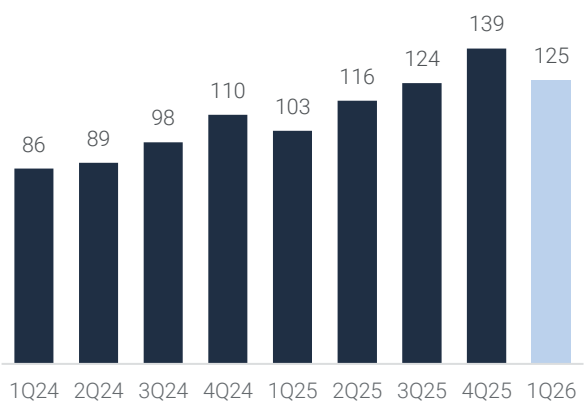


Figure 11: Total Cash-in (# bn)



Source: Company and XP Research.

XP research

PicPay

Monetizing Scale Through Credit

Monetizing Scale Through Credit

PicPay leverages its distribution to scale a credit business

PicPay's transition toward a credit-led model should be understood as a structural monetization shift built on top of an already scaled and highly engaged wallet ecosystem, reinforcing that PicPay entered credit as a monetization layer on top of an already mature distribution network. The existing wallet infrastructure materially de-risks the credit ramp-up and accelerates unit economics through three key channels:

- First, customer acquisition costs are structurally low, as credit is largely cross-sold to an existing user base with high engagement and transaction frequency;
- Second, underwriting quality is supported by proprietary behavioral data, such as transaction flows, income patterns, and payment history, improving risk segmentation relative to traditional lenders;
- Third, funding is competitive and scalable, with ~93% of liabilities coming from deposits at a cost of ~94% of CDI, giving PicPay a structural advantage vs. non-deposit-funded banks and fintechs.

Balanced and profitable growth. In terms of product strategy, PicPay should seek to equalize secured and unsecured portfolio mix, with secured loans providing scale and more earnings predictability, while credit cards and selective unsecured lending drive incremental yield and engagement.

Secured loans, mainly composed of private payroll, public payroll, and FGTS-backed products, already represent nearly half of the portfolio and are expected to grow at ~40% $CAGR_{2025-28}$, reaching ~R$34 bn by 2028. Within this segment, private payroll loans are particularly strategic due to their higher yields relative to traditional public payroll or FGTS products, making them a key driver of NIM expansion. Unsecured personal loans, meanwhile, are expected to grow at a ~36% $CAGR_{2025-28}$, reaching ~R$29 bn by 2028. This reflects a more cautious approach given their higher risk profile. Credit cards portfolio is expected to expand from R$7.8 bn in 1Q26 to ~R$18 bn by 2028, implying ~37% CAGR. Beyond direct interest income, cards play a critical role in ecosystem monetization, driving interchange revenues, increasing transaction frequency, and deepening customer engagement.

The numbers already show a rapid reconfiguration of the business mix. The loan portfolio should expand from R$24 bn in 2025 to R$64 bn by 2028, implying sustained growth of ~38%. The revenue mix is shifting decisively toward credit: from ~40% of revenues in 2025 to ~50% in 2026, and an estimated ~70% by 2028. This transition reflects a fundamental change in the earnings engine, moving away from fee-based monetization toward balance sheet-driven income, where spreads and leverage drive profitability.

Credit expansion unlocks multiple profitability drivers simultaneously. Net interest margins are already high (~20–22%) and should continue expanding, supported by portfolio growth and a favorable product mix, particularly the increasing weight of higher-yield segments such as private payroll loans. We expect higher balance sheet leverage, as the loan-to-deposit ratio is expected to increase from ~84% to ~100% by 2027, allowing the company to deploy its funding base more efficiently into higher-yield assets.

Figure 12: Layering Data to Improve Credit Decisions

Data Layer Available	Approval Rate Multiplier	Economic Implication
Market data only (Bureau, external sources)	1.0x	Baseline credit approval rate. Equivalent to what any lender without proprietary data can achieve. No differentiation.
Market data + PicPay transactional data	1.4x–1.7x	Transaction frequency, counter-party diversity, payment regularity and cash-in patterns improve model precision materially. CAC falls as approval rates rise on the right risk.
Market data + transactional data + PicPay credit behaviour data	2.5x–3.0x	Full behavioral signal from within the credit relationship itself — repayment timing, utilization patterns, limit management. Highest-precision underwriting layer. Only available to platforms with an existing credit relationship with the customer.

Source: Company and XP Research.

However, **this rapid expansion naturally entails a normalization in asset quality metrics.** As the portfolio seasons, delinquency should trend upward toward low-teens levels, accompanied by cost of risk in the mid-teens (~16%). We view this not as structural deterioration, but as the expected outcome of a young, fast-growing book maturing into more seasoned vintages, combined with increasing exposure to higher-yield segments. Importantly, this dynamic is broadly consistent with a high-ROE credit model and reflects a deliberate strategic choice rather than a loss of underwriting discipline.

That said, we believe there are meaningful **structural mitigants that support this growth trajectory.** First, PicPay operates within a data-rich wallet ecosystem, enabling a more dynamic underwriting process that combines traditional bureau information with granular behavioral data (cash flows, spending patterns, multi-bank relationships via Open Finance). Second, the closed-loop nature of the platform creates a continuous feedback mechanism, where increasing credit penetration provides ongoing visibility into client behavior, allowing for faster recalibration of limits, pricing, and risk selection.

Crucially, the bank embeds risk directly into its unit economics through the **loss absorption framework,** under which a significant portion of credit margins (typically ~40–60% at the portfolio level) is structurally allocated to absorb expected losses. This ensures that profitability is assessed on a risk-adjusted basis, allowing PicPay to scale into higher-risk segments while preserving returns, as long as spreads remain above losses.

This approach is further reinforced by the **progressive limits ("low-and-grow") strategy,** which ensures that risk is scaled gradually at the client level. Initial exposure is deliberately small and more conservative, with limits increasing as the bank observes real behavioral data over time. In this context, early cohorts effectively operate with very high loss absorption (sometimes ~100%), as the bank prioritizes data accumulation and risk calibration over immediate profitability. As customers build a track record, limits are expanded and pricing becomes more efficient, enabling faster growth with higher confidence in risk-adj. returns.

Figure 13: PicPay's Credit Quality Strategy

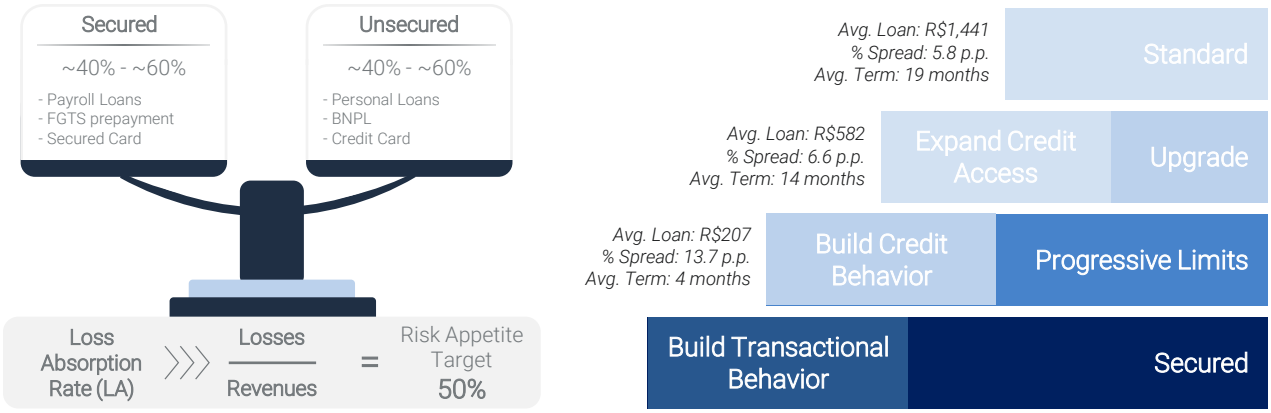


Figure 14: PicPay's Spread vs. Term Matrix

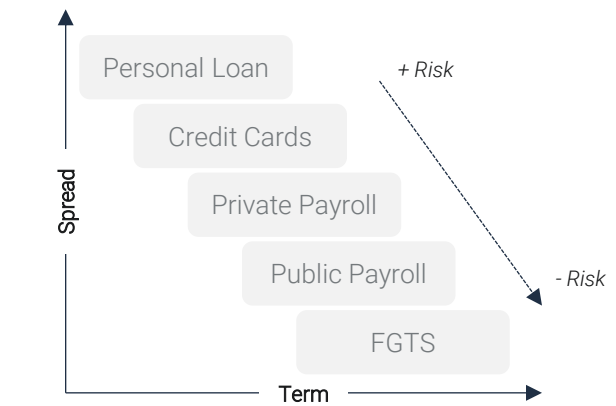
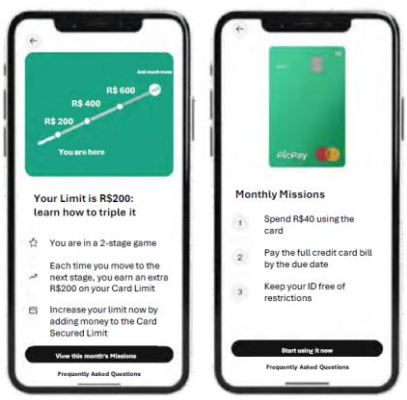


Figure 15: Progressive Limits Game



A **gamified journey drives credit adoption** within the **bank's ecosystem**

A Vast Credit Runway

A large TAM and low penetration underpin a relevant opportunity

PicPay's credit TAM is both large and structurally diversified across individuals and corporate, totaling ~R$725 bn (Apr'26), with products that are naturally embedded within its wallet ecosystem. On the individuals side (~R$596 bn, ~82% of TAM), the largest pools are secured loans, unsecured loans and credit cards. On the corporate side (~R$129 bn, ~18% of TAM), the opportunity is more fragmented but strategically complementary, spanning working capital, trade receivables discounting and credit card receivables prepayment, all directly linked to merchant acquiring flows and therefore highly monetizable via PicPay's SMB distribution and payment network, alongside smaller segments such as corporate cards and overdrafts.

Regarding the main credit products, **INSS and public payroll loans** stand out as capital efficient and low-risk products, given direct salary/pension deduction, which keeps NPLs typically in the low-single digits while still offering solid, scalable growth. **Private payroll loans,** given the operational frictions, show higher NPLs and, consequently, CoR, but delivers high yields that offset the higher risk. On the other side, **personal loans and credit cards** offer materially higher spreads and strong growth potential, but at the cost of significantly higher delinquency, making them key drivers of profitability but also volatility. **In SMBs,** programs like FGI/Pronampe provide attractive risk-adjusted growth by combining subsidized funding and partial government guarantees, enabling lenders to expand in WK lending with contained credit losses.

Despite this sizeable TAM, **PicPay's current credit portfolio (~R$28 bn, 1Q26) implies only ~1.1% penetration among system's individuals loans,** highlighting a long runway for growth; even assuming a gradual expansion to ~R$64 bn by 2028, the implied market share remains low relative to peers (~2.5%, while Nubank reaching high-single digits), reinforcing the view that scaling credit should be a key earnings driver.

Figure 16: $CAGR_{2025-28}$ for Selected Credit Products

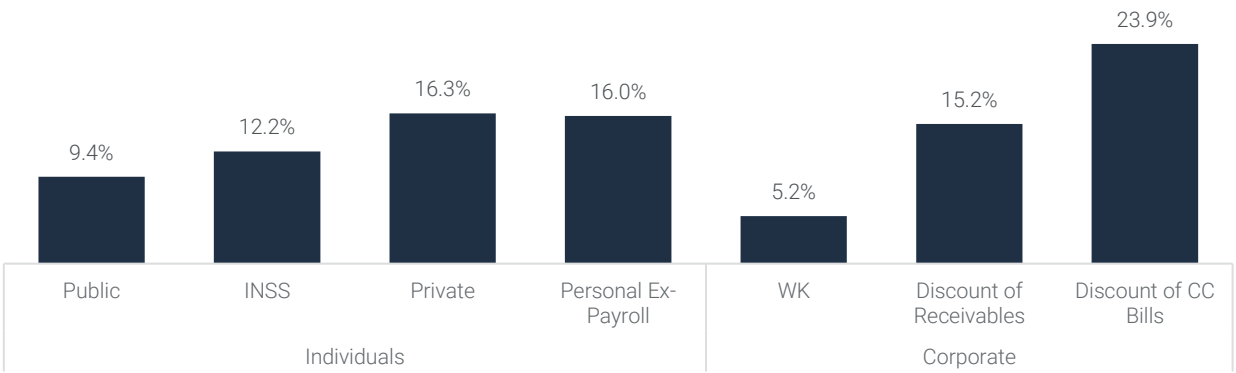


Figure 17: TAM for Selected Credit Products (Apr'26)

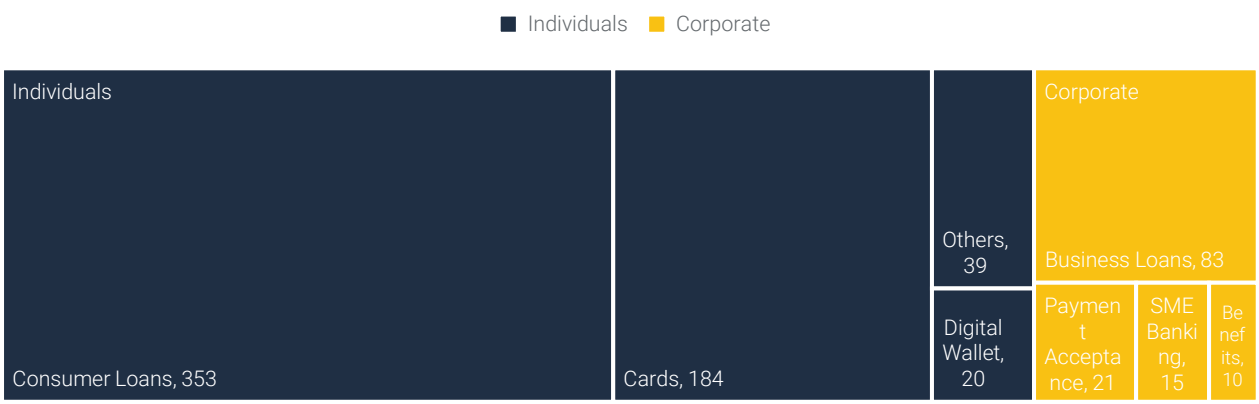


Figure 18: Public and INSS Payroll Balance (R$ bn)

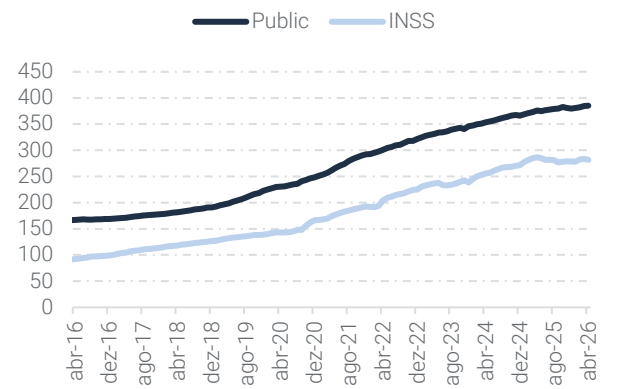


Figure 19: Public and INSS Payroll NPLs (%)

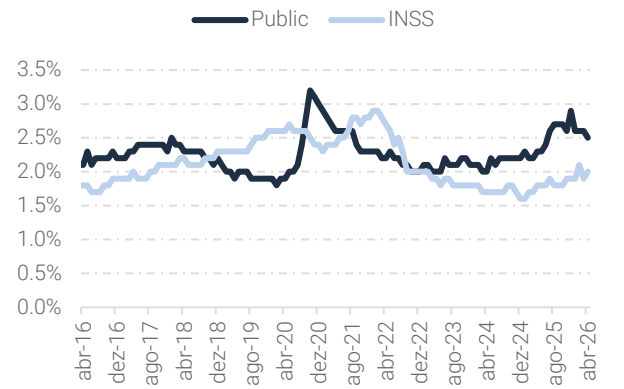


Figure 20: Private Payroll Balance (R$ bn)

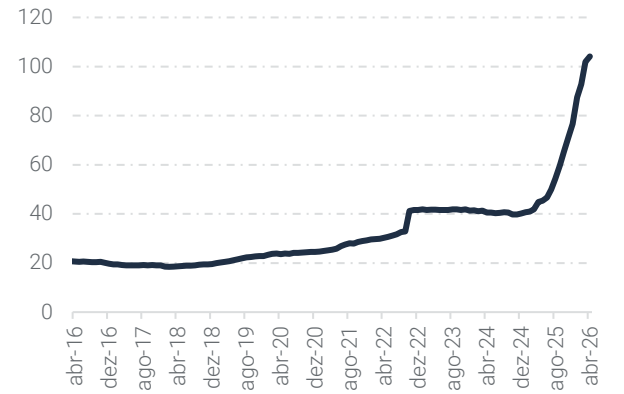


Figure 21: Private Payroll NPLs (%)

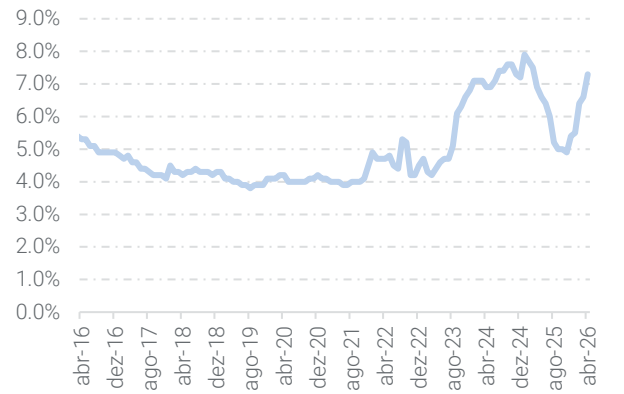


Figure 22: Personal Ex-Payroll Balance (R$ bn)

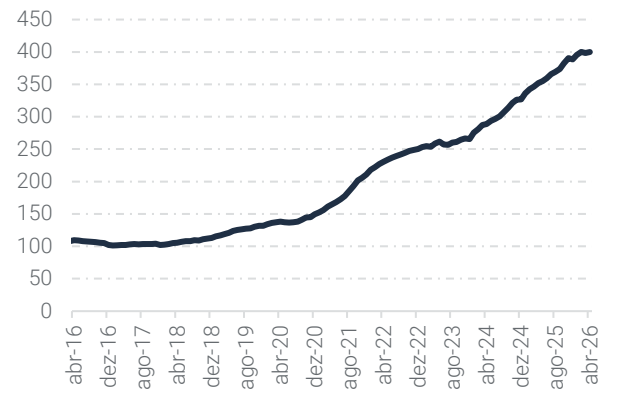


Figure 23: Personal Ex-Payroll NPLs (%)

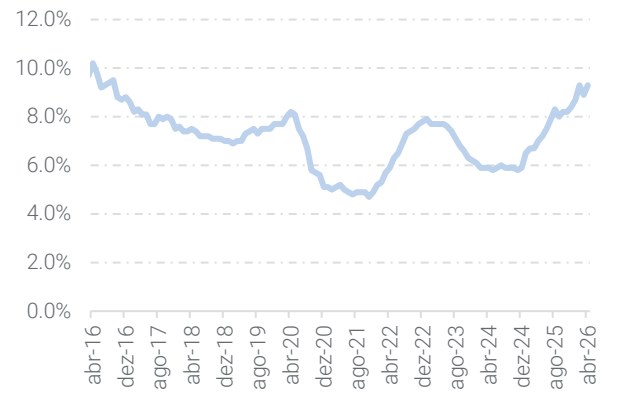


Figure 24: Corporate Loans Balance (R$ bn)

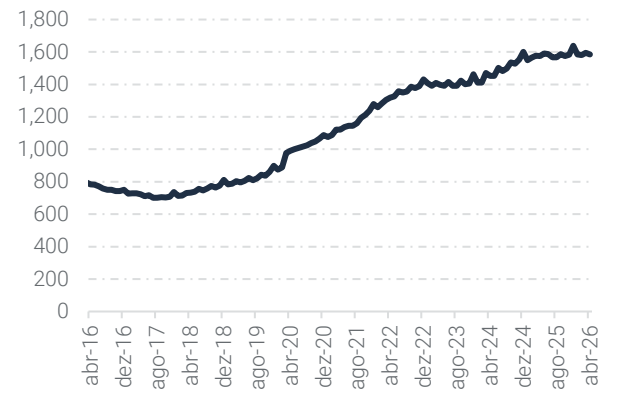
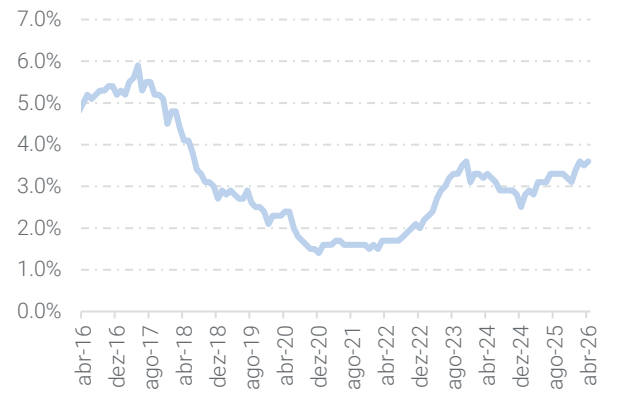


Figure 25: Corporate Loans NPLs (%)



Same Game, Different Playbooks

Similar models, but with different execution and risk profiles

PicPay, Nubank, and Inter are converging toward a similar end-state, a diversified digital financial platform, but their starting points materially shape their risk profile, growth trajectory, and unit economics. Nubank scaled from a credit-first model, building its franchise on cards and loans before expanding into payments and ecosystem products. Inter followed a more traditional bank-led path, layering a super app on top of its balance sheet. PicPay, in contrast, adopted a wallet-first strategy, prioritizing payments, PIX, and engagement for nearly a decade before scaling credit. In this sense, while PicPay benefits from richer high-frequency transactional data, it also enters credit with a shorter track record.

From a data vs. execution perspective, Nubank stands out as the execution benchmark, having already demonstrated its ability to translate data and scale into consistent, high risk-adjusted margins. Inter, meanwhile, operates with a more balanced model but lacks a clearly differentiated edge, neither matching Nubank in efficiency nor PicPay in data intensity. In practice, *this places PicPay in a position where its potential advantage (data) still needs to be validated through credit outcomes.*

The clearest differentiation emerges in the growth vs. risk trade-off. PicPay is positioned as an aggressive player: loan growth is accelerated, cost of risk is elevated, and NPLs are already trending upward as the book matures. This reflects a deliberate strategic choice to accept higher volatility in return. Inter sits as a middle ground, less aggressive than PicPay. In this sense, *PicPay can be viewed as a higher-beta version of Nubank, with more asymmetry but also more execution risk.*

Figure 26: Portfolio Comparison (R$ mn)

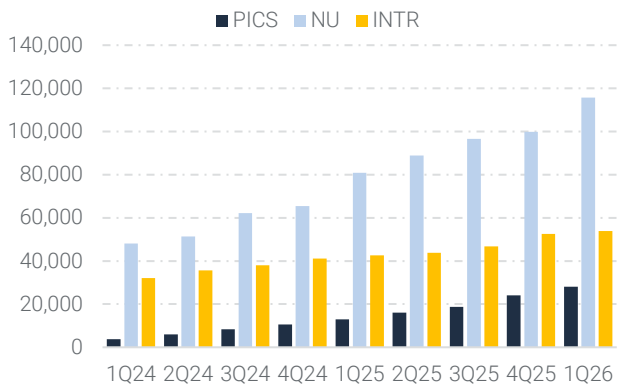
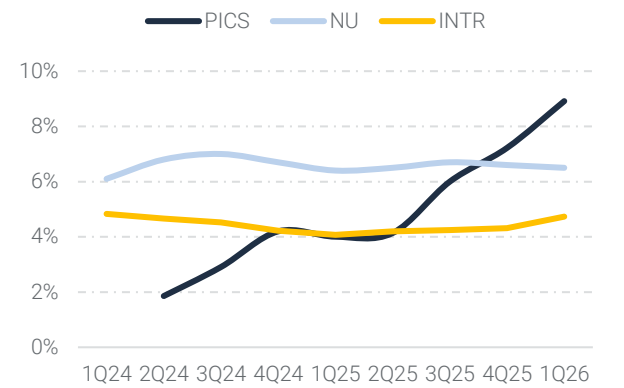


Figure 27: NPLs 90+ Comparison (%)



In terms of unit economics, Nubank clearly leads today, with superior ROE consistency, stronger ARPAC levels, and better control of cost of risk. *PicPay, while still behind, is on a steeper improvement curve, driven by rapid credit penetration and operating leverage, which should support meaningful NIM expansion and ARPAC growth over time*. However, this comes at the cost of higher volatility, as profitability depends more heavily on maintaining spreads between yield and losses. Inter again appears more balanced but less efficient, with weaker ARPAC and less pronounced operating leverage.

The most critical debate, in our view, lies in the **sustainability of PicPay's model:** whether its high cost of risk can be maintained without negative surprises; whether high-yield products such as private payroll loans will sustain attractive spreads; and whether regulatory risks (e.g., around Pix financing or credit structures) could limit profitability. While PicPay's data advantage is compelling, it has yet to be fully validated across a mature credit cycle, unlike Nubank, which has already demonstrated resilience.

Overall, the three players represent distinct investment profiles. Nubank stands out as the highest-quality, most proven compounder, with best-in-class unit economics and execution. *PicPay is the highest-growth, highest-risk story, offering significant upside if its data-driven model translates into sustained risk-adjusted returns, but with greater uncertainty*. Inter sits as a more balanced, lower-volatility alternative, though with less differentiation and lower expected upside.

Figure 28: Risk Adj. NIM Comparison (%)

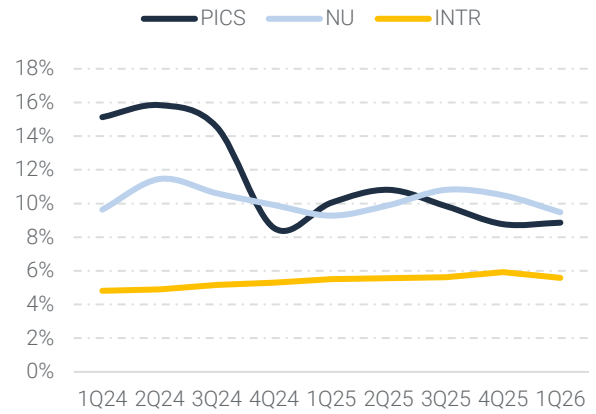


Figure 29: ARPAC vs. CTS Ratio Comparison (x)

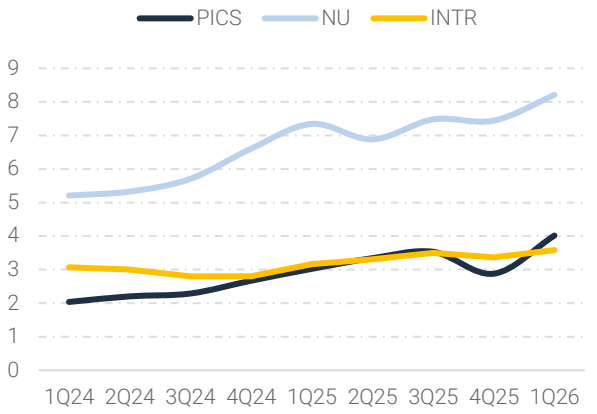


Figure 30: Efficiency Ratio Comparison (%)

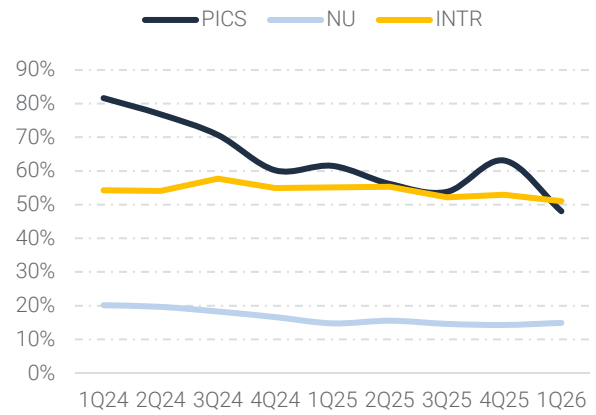
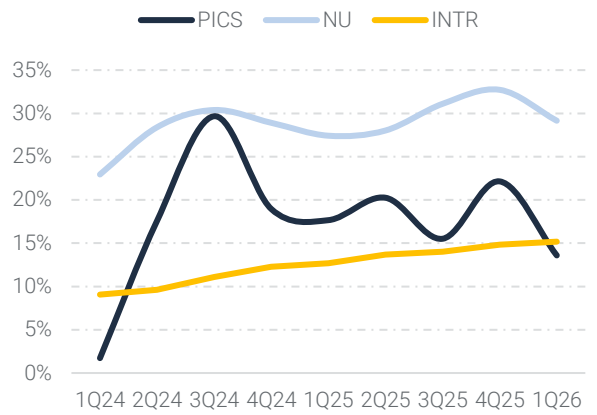


Figure 31: ROE Comparison (%)



From a valuation perspective, the three players broadly reflect their positioning along the risk–growth–visibility spectrum. Nubank trades at a structural premium (mid-teens P/E for 2026), justified by its proven execution, consistent ROE (~30%) and best-in-class unit economics, making it the highest-quality compounder in the segment. At the other end, *PicPay trades at a significant discount (~7x 2026 P/E, ~4x 2027), despite similar long-term ROE potential, reflecting the market's skepticism around its shorter credit track record, higher cost of risk, and execution risk, even as it offers stronger near-term earnings growth and operating leverage*. Inter close to PICS, with valuation lower than Nubank, which we do not consider consistent with its more balanced, but less differentiated, growth profile and weaker efficiency metrics. In this context, valuation dispersion suggests that **investors are paying a premium for growth and proven risk-adjusted returns (Nubank), applying a discount for execution and credit risk (PicPay), and assigning a middle ground to a lower-risk, lower-upside profile (Inter).**

Figure 32: Performance Comparison (Basis 100)

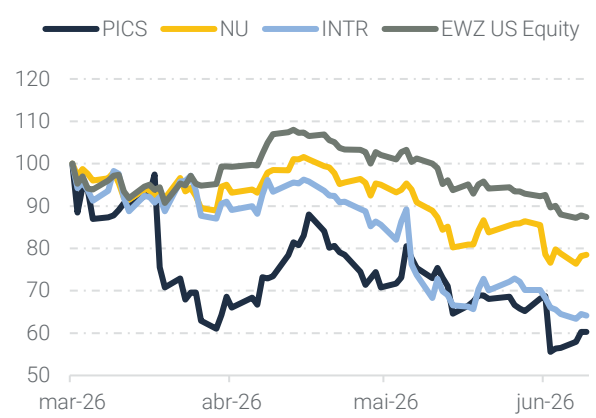
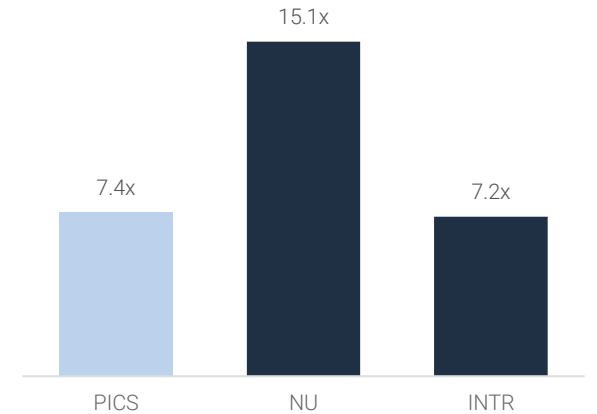


Figure 33: P/E 26 Multiple Comparison (x)



PicPay

Financials

Earnings Acceleration Ahead

Credit scaling and rising ARPAC support a steep ROE trajectory

High engagement, now monetized. We project PicPay to sustain steady client base expansion while increasingly shifting the growth focus toward deeper monetization of its existing users, with active clients growing from ~43 mn in 2025 to ~56 mn by 2028, supported by continued engagement within its digital wallet and broader ecosystem. At the same time, the core of value creation lies in the rapid expansion of the credit portfolio, which we expect to scale from ~R$24 bn in 2025 to ~R$64 bn in 2028 ($CAGR_{2025-28}$ of ~40%), driven by strong growth across credit cards, personal loans and secured products (mainly private payroll loans) while FGTS payroll loans should decelerate following recent regulatory changes, maintaining a roughly 50/50 mix between secured and unsecured products. As argued, despite a sizeable TAM, even assuming this expansion pace, the implied market share would remain low relative to peers (2.5% vs. Nubank at low-teens by 2028), reinforcing our view that scaling credit should be a key earnings driver.

Figure 34: PicPay Active Customer Evolution (mn)

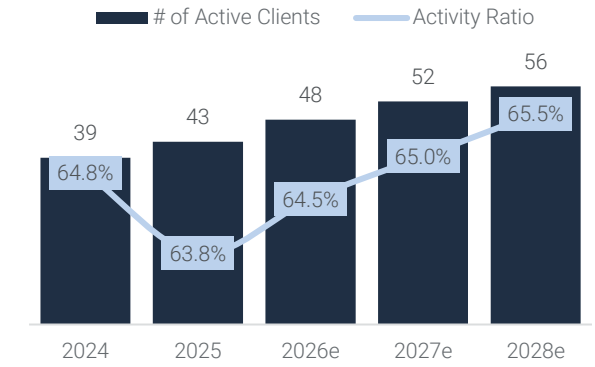
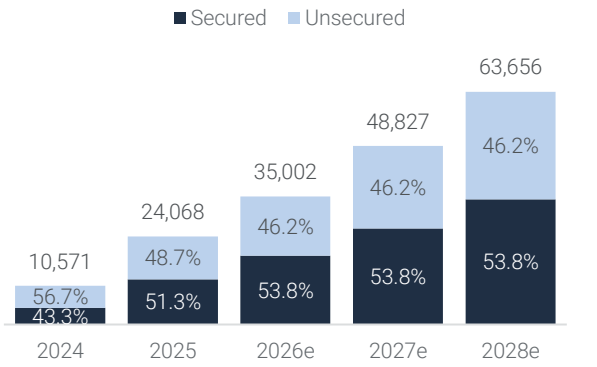


Figure 35: PicPay Portfolio Evolution



Credit scaling supports margin expansion. We expect PicPay to deliver strong NII growth alongside a gradual expansion in NIM, primarily driven by the continued scaling of its credit portfolio and a richer mix shift toward higher-yielding products. While the consolidated mix should remain virtually equal, the increasing penetration of private payroll loans in secured lending, which carry structurally higher rates than public payroll and FGTS-backed products, should support a steady uplift in portfolio yields over time. This dynamic, combined with the growing weight of credit within total revenues, underpins a robust expansion in interest income, which is expected to be the main driver of top-line growth going forward. On the funding side, we assume the marginal cost of funding as a % of CDI to remain broadly stable in the near term, even as total funding expenses increase in absolute terms in line with balance sheet growth and deposit expansion. Finally, we expect rising balance sheet leverage, with the loan-to-deposit ratio gradually increasing as credit origination outpaces deposit growth, reinforcing asset yield capture and supporting further NIM expansion.

Figure 36: PicPay Deposits (R$ mn)

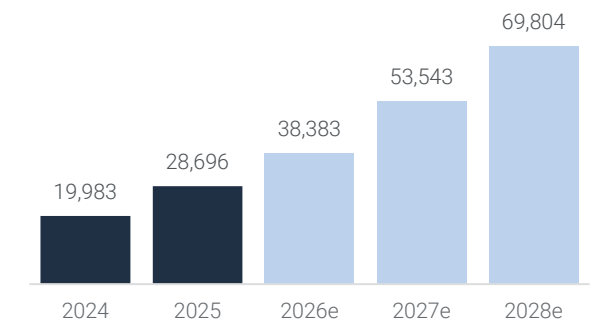
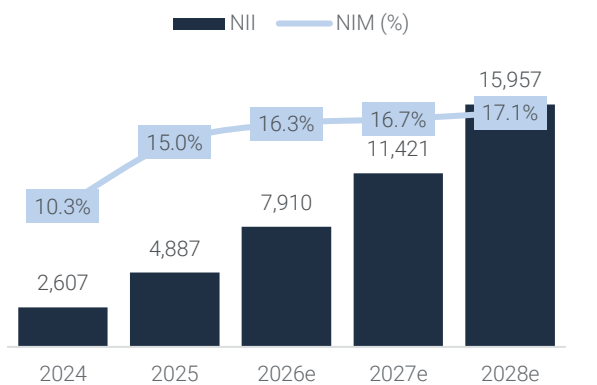


Figure 37: PicPay NII and NIM Evolution (R$ mn, %)



Where the thesis gets tested. We view asset quality as one of the key pillars to monitor in PicPay's story, given the combination of rapid loan growth, recent credit origination, and meaningful exposure to lower-income segments, with ~85% of its customer base concentrated in this segment, leading to a more sensitive exposure to economic cycles, high debt service levels, and income volatility. This increases the risk of model miscalibration or latent losses that may only become visible as vintages season.

NPLs have already reached ~9% and should continue trending higher as the book seasons, while cost of risk is expected to remain elevated, reflecting both mix changes and a more mature portfolio. Importantly, this dynamic is not necessarily indicative of weaker underwriting, but rather a function of normal portfolio evolution. In this context, PicPay's "low-and-grow" underwriting approach becomes relevant, as the bank starts with small limits and short-duration loans, gradually increasing exposure as it gathers behavioral data through its wallet ecosystem, Open Finance integrations, and internal analytics. At the same time, provisioning already embeds a conservative stance, with CoR running at ~16% of avg. loans, well above current delinquency levels, indicating that expected losses are largely priced into the business model.

As a result, even in a scenario of rising delinquencies, we expect profitability to remain resilient, provided that growth remains disciplined and pricing continues to adequately reflect risk. The key debate, in our view, is less about the absolute level of NPLs and more about whether risk-adjusted returns can be preserved as the portfolio scales rapidly, which remains the central execution point for the thesis going forward.

Figure 38: PicPay Delinquency Stages Evolution

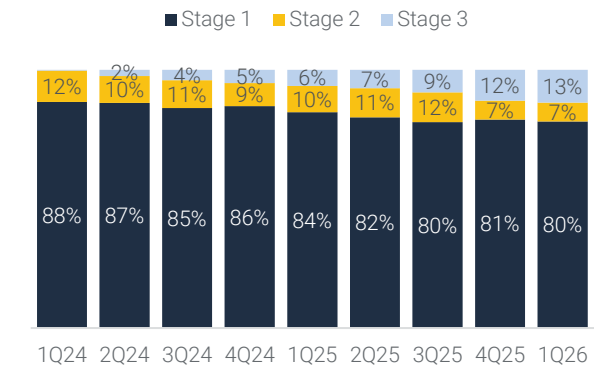
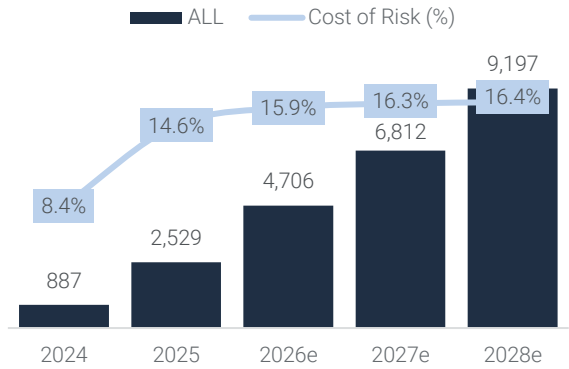


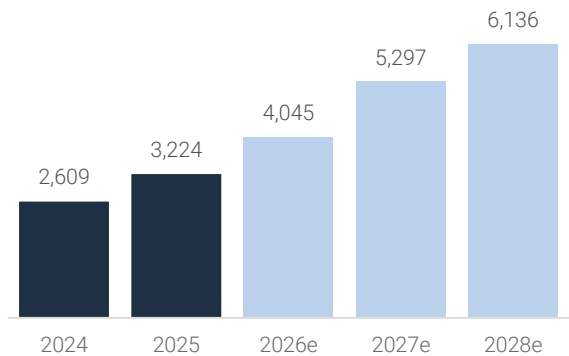
Figure 39: PicPay ALL and CoR Evolution (R$ mn, %)



Diversifying revenues. Beyond credit, we expect PicPay's non-interest revenue streams to play a key role in supporting ARPAC expansion ($CAGR_{2025-28}$ of 26%) over the coming years, driven by increasing monetization of its highly engaged user base. Fee income, particularly from interchange, payments, and transactional services, should continue to grow alongside higher wallet usage and TPV, while gradually declining as a share of revenues as credit scales. At the same time, additional verticals such as insurance, investments, and marketplace/merchant services provide incremental cross-selling opportunities, leveraging the platform's strong engagement and positioning as a financial "super app".

Importantly, a relevant component within this fees segment line is Pix financing via third-party cards, which has historically been a meaningful contributor for the bank (~10–15% of gross profit) by enabling users to leverage external credit lines while PicPay captures fees and interest with limited balance sheet risk. While we expect this product to gradually lose relevance as the bank shifts toward its own credit origination, it should remain an important short-term monetization tool and customer acquisition funnel. However, we highlight meaningful regulatory risk, as discussed in the risk session.

Figure 40: PicPay Fee Revenues Evolution



KOVR. PicPay's announced acquisition of KOVR represents a strategic move to expand its insurance vertical and further monetize its large client base through cross-selling, reinforcing the ecosystem and supporting ARPAC growth over time. The business is complementary to PicPay's platform, with products already being distributed within the app and a portion of revenues already linked to its user base. However, we have not incorporated KOVR into our model at this stage, as the transaction is still pending regulatory approval. As such, we are treating KOVR as a potential upside risk to earnings rather than a core driver of our base case.

Strong operating leverage ahead. We expect PicPay to deliver strong operating leverage over the coming years, with op. expenses growing at a ~9% $CAGR_{2025-28}$, materially below revenue growth, as the business benefits from the scalability of its digital platform, leading to an ER of 31% in 2028. In our view, most of the heavy investments in tech and customer acquisition have already been front-loaded, allowing incremental growth to come at a significantly lower marginal cost. Main cost components are related to personnel expenses (~39%), technology (~19%), and marketing (~21%). As a result, CTS should remain relatively contained, while ARPAC continues to ramp up meaningfully. This combination of stable unit costs and rising revenues per client should drive a consistent expansion in the ARPAC/CTS ratio, reinforcing the operating leverage thesis and resulting in a sharp improvement in profitability metrics.

Figure 41: PicPay Expenses and ER (R$ mn, %)

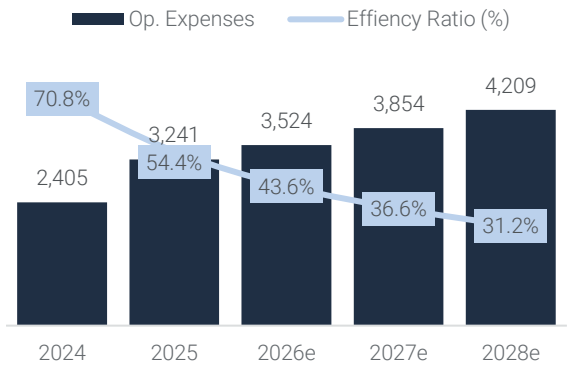
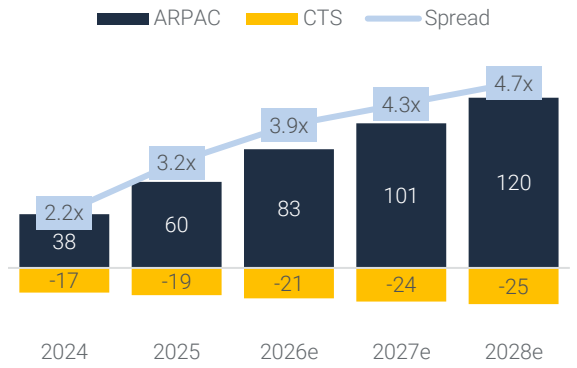


Figure 42: PicPay ARPAC x CTS (R$/Act. Customer)



Profitability Set to Accelerate. All in all, we expect PicPay to deliver a strong earnings trajectory over the next few years, with net income $CAGR_{2025-28}$ of ~90% driven primarily by the rapid expansion of its credit portfolio, rising ARPAC, and meaningful operating leverage. In terms of profitability, we expect ROE to remain around ~20% in 2026, temporarily diluted by the capital increase from the IPO, before rebounding to ~26% in 2027, as the bank deploys excess capital into higher-yielding assets and normalizes its balance sheet efficiency. On the capital side, the bank should maintain comfortable capital ratios (CET1 ~13%), which are sufficient to sustain its accelerated loan book growth and support continued balance sheet expansion. However, given the current phase of high growth and the need to reinvest earnings to fund credit origination, we do not expect meaningful dividend distributions in the near term, with capital being retained to support the expansion of the franchise and maximize long-term ROE compounding.

Figure 43: PicPay Adj. Net Income and ROE (R$ mn)

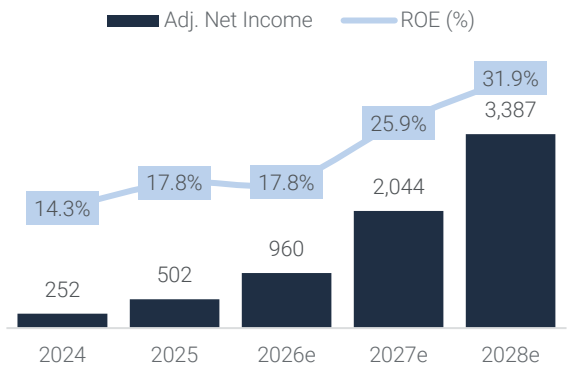
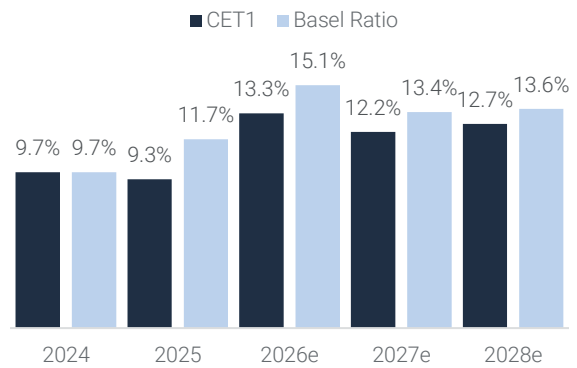


Figure 44: PicPay Capital Ratios (%)



XP Estimates (Summary)

Our main estimates

Figure 45: PICS's Main Estimates (RS mn)

	2025	2026e	2027e	2028e
Consolidated Income Statement (R$ mn)				
Total Revenue and Financial Income	**10,278**	**15,438**	**20,310**	**25,801**
NII	**4,887**	**7,910**	**11,421**	**15,957**
Cost of Credit (%)	14.6%	15.9%	16.3%	16.4%
Risk Adj. NII	**2,359**	**3,205**	**4,609**	**6,760**
Total Expenses	-3,241	-3,524	-3,854	-4,209
EBT	**317**	**1,266**	**2,690**	**4,640**
Income Tax and Social Contribution	824	-323	-646	-1,253
Tax rate (%)	*260%*	*-26%*	*-24%*	*-27%*
Net Income	**502**	**960**	**2,044**	**3,387**
Consolidated Balance Sheet (R$ mn)				
Current and Long-term Assets	**41,986**	**57,559**	**78,935**	**103,055**
Loan, Lease and Other Credits Operations	20,914	30,094	41,981	54,730
Current and Long-term Liabilities	**38,096**	**50,686**	**70,018**	**90,750**
Funding	36,288	48,746	67,999	88,651
Shareholder's Equity	**3,890**	**6,873**	**8,918**	**12,305**
Valuation				
Market Cap (R$ mn)	-	1,402	1,402	1,402
P/B	**-**	**1.0**	**0.8**	**0.6**
P/E	**-**	**7.4**	**3.5**	**2.1**
DPS	-	0.0	0.0	0.0
Payout (%)	-	0%	0%	0%
Dividend Yield (%)	-	0.0%	0.0%	0.0%
EPS (R$/shr.)	0.0	7.4	15.8	26.1
ROE (%)	17.8%	17.8%	25.9%	31.9%
Common Equity Tier I (%)	9.3%	13.3%	12.2%	12.7%
BIS Ratio (%)	11.7%	15.1%	13.4%	13.6%
Cost of Risk (%)	14.6%	15.9%	16.3%	16.4%
Portfolio Breakdown				
Total Loans (R$ mn)	24,068	35,002	48,827	63,656
Secured	51%	54%	54%	54%
Unsecured	49%	46%	46%	46%

Figure 46: XP Estimates vs. Consensus (RS mn)

	2026e			2027			2028		
Key Estimates (R$ mn)	XPe	Cons.	XP vs Cons. (%)	XPe	Cons.	XP vs Cons. (%)	XPe	Cons.	XP vs Cons. (%)
Total Revenue and Financial Income	**15,438**	**15,156**	**2%**	**20,310**	**20,156**	**1%**	**25,801**	**23,755**	**9%**
EBT	1,266	1,248	1%	2,690	3,025	-11%	4,640	3,963	17%
Adj. Net Income	**960**	**985**	**-3%**	**2,044**	**2,131**	**-4%**	**3,387**	**2,868**	**18%**
ROE (%)	**17.8%**	**18.20%**	**-36 bps**	**25.9%**	**25.80%**	**9 bps**	**31.9%**	**29.50%**	**242 bps**

PicPay

Risks

Risks

Key downside risks for our thesis

Pix Financing Regulatory Risk

A key risk to PicPay's earnings profile lies in the sustainability of its Pix financing product using third-party credit cards. This product, where users fund Pix transfers via external credit cards, represents a meaningful share of the company's economics (~15% of gross profit), despite credit risk largely sitting with the issuing bank. The product operates in a regulatory and commercial gray area, which has already triggered pushback from incumbent banks and industry bodies. In an adverse scenario, restrictions could materially reduce volumes, creating a near-term revenue headwind and pressuring ARPAC. The product remains an important contributor in the short term, making any disruption a key downside risk during the transition phase.

Market Liquidity

Finally, market dynamics add another layer of risk. Limited free float and low liquidity raise the risk of declining visibility among investors, leading to persistent valuation discounts.

Governance Overhang from Non-Core Ownership

PicPay may not be a core asset for its controlling shareholder, J&F, which retains ~95% of voting power and remains primarily focused on JBS. In addition, while legacy legal issues have been largely settled, governance remains a secondary consideration for some investors.

Where We Could be Wrong

Credit Quality. PicPay's investment case is highly dependent on its ability to scale credit without compromising asset quality. The bank is growing its loan book very rapidly, but its on-balance-sheet credit history is still short. This creates uncertainty around underwriting quality, and even small deviations from expected loss levels (CoR ~16%) could materially impact profitability.
Impact: +/- 10% in PicPay's CoR could change our TP by (-) -23%; (+) +17%.

Capital and Funding. On the balance sheet side, fast credit expansion makes the model capital-intensive. Although the IPO strengthened capital ratios (CET1 ~13%), underperformance in profitability or stronger-than-expected credit losses could require additional capital or slower growth, delaying ROE convergence.
Impact: +/- 10% in PicPay's CoF could change our TP by (-) -11%; (+) +12%.

Competition. The thesis relies on expanding credit penetration, but potential measures such as interest rate caps on unsecured products (e.g., cards and personal loans) could structurally reduce spreads and returns. In addition, private payroll lending, a key growth vector, still faces uncertainty around long-term loss behavior and potential changes in regulation, which could limit its profitability.
Impact: -/+ 10% in PicPay's Avg. Yield could change our TP by (-) -16%; (+) +18%.

Figure 47: Sensitivity Analysis

Scenario	Variable	Period					Downside/Upside Potential (%)
		2026	2027	2028	2029	2030	
Bear	Credit Portfolio	31,502	43,944	57,291	70,759	85,907	+1.7%
	NII	7,136	9,795	13,635	17,295	21,060	
	Cost of Risk	17.2%	17.9%	18.0%	17.8%	17.6%	
Bull	Credit Portfolio	38,502	53,710	70,022	86,483	104,997	+149.5%
	NII	8,754	13,201	18,495	23,624	28,946	
	Cost of Risk	14.6%	14.6%	14.7%	14.6%	14.4%	

Source: XP Research.

PicPay

Valuation

Changes to Estimates

Our valuation implies an upside of 64%

Valuation. Our 2026YE DDM-based target price of USD 18 per share presents an upside of 64% vs. current prices, with roughly 50% of it valued at its perpetuity. We use a Dividend Discount Model (DDM) valuation approach, where our main assumptions include: (i) 6.0% long-term growth rate, (ii) 8.0% risk-free rate and (iii) and beta of 1.5, implying a cost of equity (Ke) of 17.8%.

Figure 48: Sensitivity Analysis | TP YE26: Ke vs. g

g \ Ke	14.81%	15.81%	16.81%	17.81%	18.81%	19.81%	20.81%
4.50%	121%	95%	73%	55%	40%	27%	15%
5.00%	128%	101%	78%	59%	42%	29%	17%
5.50%	136%	106%	82%	62%	45%	31%	19%
6.00%	145%	113%	87%	64%	48%	33%	21%
6.50%	155%	120%	93%	70%	52%	36%	23%
7.00%	166%	128%	99%	75%	55%	39%	25%
7.50%	178%	137%	106%	80%	59%	42%	28%

Figure 49: P/E Multiple Comparison (x, %)

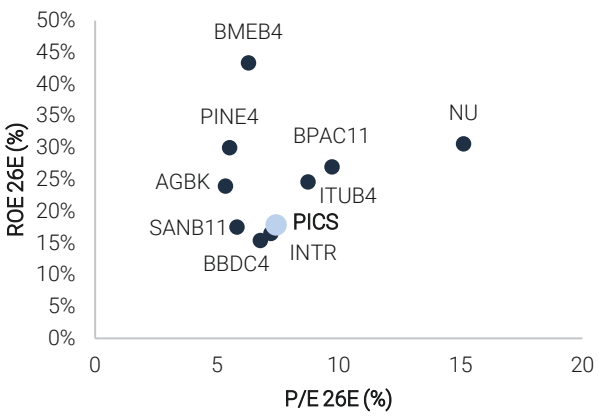


Figure 50: PEG Multiple Comparison (x, %)

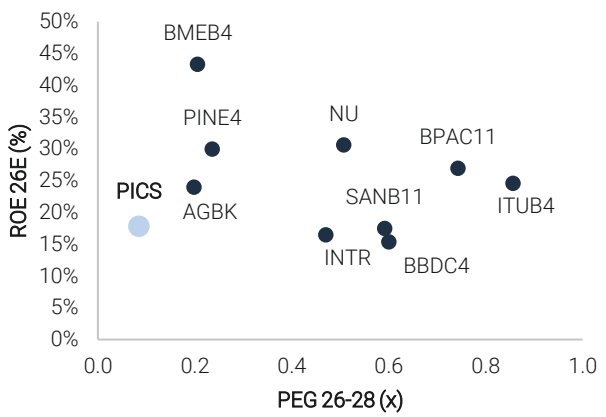
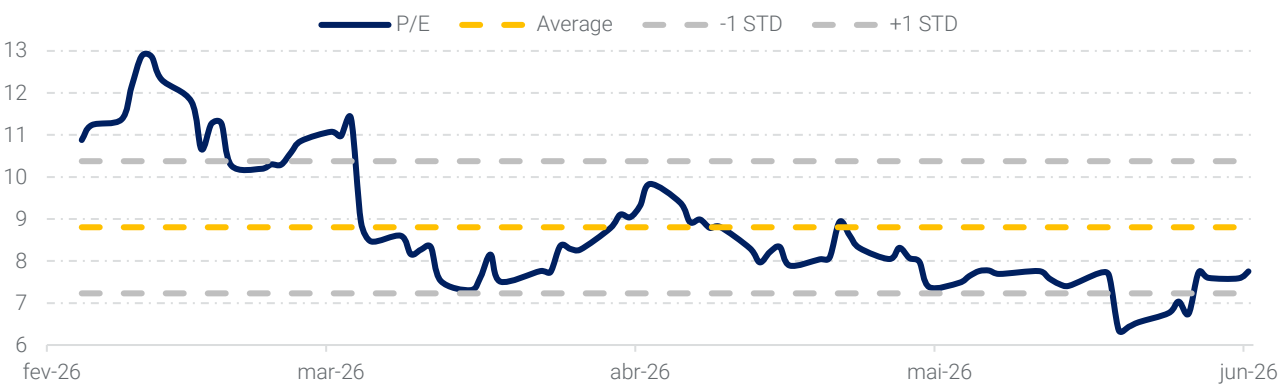


Figure 51: Historical P/E Multiple



PicPay

Company Overview

Company Overview

Pioneer to platform

PicPay is a Brazilian fintech founded in 2012 that initially emerged as a peer-to-peer (P2P) digital payments platform, enabling instant money transfers and QR code transactions well before the launch of Pix, positioning itself as an early pioneer in the country's digital financial ecosystem. Over time, the company evolved into a broad two-sided financial ecosystem serving both consumers and merchants, offering payments, financial services, investments, and shopping solutions, while building a large and highly engaged client base of more than 70 mn users and R$156 bn TPV. A key strategic milestone was its acquisition by J&F in 2019, followed by heavy investment to scale the platform and brand. This transition accelerated with the incorporation of Banco Original's retail operations in 2023, allowing PicPay to internalize credit underwriting, and culminated in its Nasdaq IPO in Jan'26, marking its entry into a new phase focused on monetization and profitability through credit expansion.

Figure 52: PicPay's Customer Base per Region

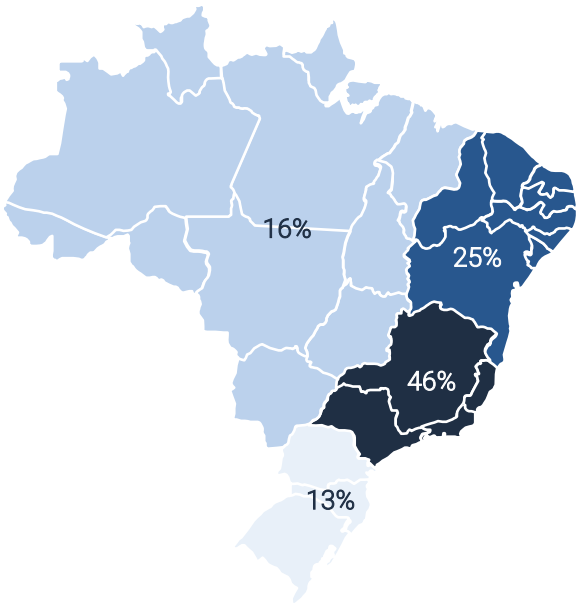


Figure 53: Customer Base by Age Group



Figure 54: Customer Base by Income Segment

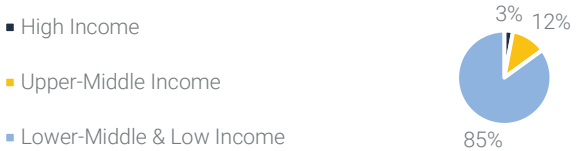
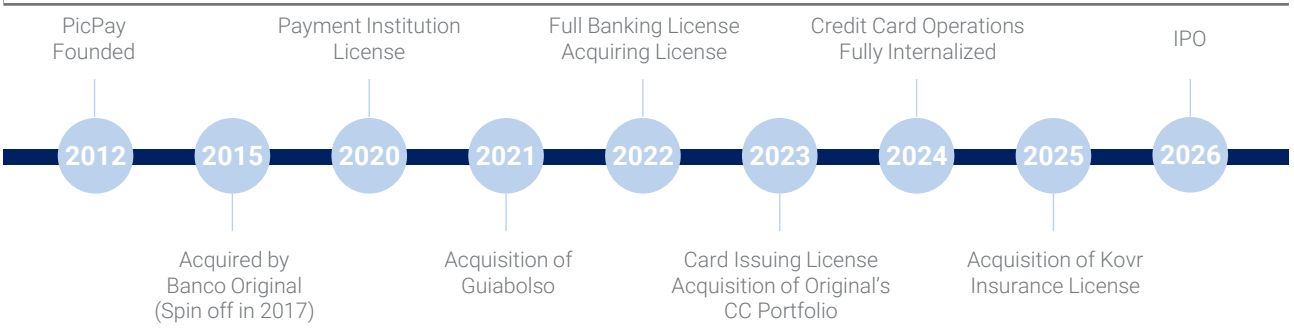
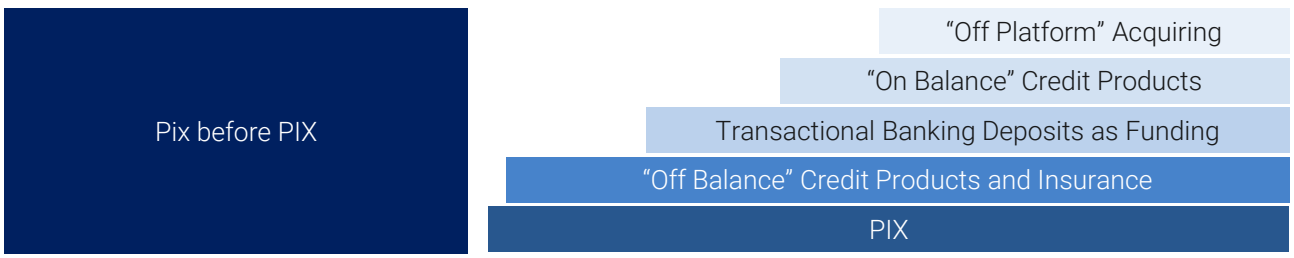


Figure 55: Customer Base by Business Size



Figure 56: PicPay's Timeline





Source: Company and XP Research.

Corporate Structure Overview

Execution backed by experience

Figure 57: PicPay's Organizational Structure

Executive Officers	Experience
Eduardo Chedid *CEO*	CEO since 2024, previously COO and head of PicPay Brazil. Nearly 30 years in payments (Visa, Cielo, Credicard, Elo—ex-CEO), with strong expertise in cards and acquiring. Holds a Business degree from FGV.
Rodrigo Couto *CFO*	CFO since 2025. 20+ years in finance; ex-CFO of Itaú Chile and senior roles at Itaú Brazil. Former McKinsey consultant and Central Bank supervisor.
André Cazotto *IR, Strategy and M&A*	In role since 2025, leading IR and strategy. 20+ years in payments; ex-PagSeguro IR (led U.S. IPO) and 10+ years at Cielo in finance/treasury. Strong capital markets background.

Board of Directors	Experience
José Antônio Batista *Chairman*	Chairman and former CEO of PicPay Brazil. Senior executive across J&F, Banco Original (ex-CEO), and JBS. Background in finance, operations, and large corporates.
Eduardo Cruz *Independent*	30+ years in investment banking; ex-Citigroup (MD, LatAm IB head), Goldman Sachs and J.P. Morgan. Yale (Engineering) and Harvard MBA.
Jackson Gomes *Independent*	35+ years in banking; ex-CEO of Banco Original and 20+ years at Itaú (risk/compliance). Active fintech advisor. MBA Chicago.
Marcio Linares *Independent*	50+ years in financial services; ex-CEO and Chairman of Banco Original, senior roles at Itaú and BankBoston. Broad experience across banking functions.
Mauricio Moura *Independent*	21 years at the Central Bank; former Deputy Governor and Copom member. Deep expertise in regulation, supervision, and financial stability.
William Pruett *Independent*	Ex-Fidelity portfolio manager (Latin America and EM funds). Background in equity research and HSBC. Economics (Chicago) and MBA (Harvard).

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