

Nubank

NU

Overpriced Risks, Underpriced Opportunities

Update + Deep Dive on US Opportunity

Equity Research

Bernardo Guttmann
bernardo.guttmann@xpi.com.br

Matheus Guimarães, CFA
matheus.guimaraes@xpi.com.br

Guilherme Meneghetti
guilherme.meneghetti@xpi.com.br

Nubank (NU)

Overpriced Risks, Underpriced Opportunities

Revisiting the case through a deeper look at credit quality and Nu's U.S. opportunity

We are updating Nubank (NU) with a $17 TP for YE27, implying ~44% upside. In addition to revisiting the long-term growth avenues discussed in our previous report (*link*), **we use this update to take a deeper dive into two topics we believe are increasingly relevant to the investors: credit quality and the U.S. opportunity.** While we acknowledge that credit risks have increased, we believe Nu's current credit trends remain broadly manageable, with resilient card metrics, stable migration patterns, robust reserves, and healthy risk-adj. profitability, which gives us confidence that Nu remains well positioned to navigate a tougher cycle. At the same time, we see Nu's U.S. strategy evolving from optionality into a potentially meaningful growth driver, particularly within the underserved profitable customer segments. **Taken together, we believe the current valuation offers an attractive entry point:** even under stressed assumptions, we see NU trading at modest **~12x P/E and ~3x P/B 2027E, levels that seem difficult to reconcile with both the resilience of current fundamentals and the magnitude of the medium-term opportunities ahead.**

Credit remains resilient, although risks are rising. While the tougher macro backdrop warrants caution, particularly given the possibility of a prolonged period of restrictive monetary policy, we believe Nu's current share price already reflects a relatively cautious credit scenario. In our view, asset quality remains broadly manageable, with resilient card credit metrics, stable migration trends, robust reserve levels, and healthy risk-adjusted margins. Given Nu's short-duration loan book, its ability to quickly adjust course, and the relatively resilient credit metrics, we believe current fundamentals are more resilient than the stock's pricing appears to suggest.

U.S.: significant potential, with execution still to be proven. Our analysis suggests that the U.S. credit-middle segment represents a meaningful long-term opportunity, combining sizable revenue pools with limited access to credit from traditional issuers. We believe Nu's low-cost operating model and data-driven underwriting capabilities could provide a competitive edge in serving these customers. However, the opportunity also comes with important challenges, particularly around credit selection, funding economics, customer acquisition and regulation. We therefore view U.S. expansion as a potentially important source of long-term value creation, although investments and funding needs may weigh on near-term profitability.

Valuation. Even stressing our estimates, we continue to see NU as an attractive asymmetry. Trading ~12x P/E and ~3x P/B 27E, the stock appears to over discount the current risk scenario and we see a good entry point.

Nubank (NU)	**Buy**
Target Price ($/shr.)	17.0
Current Price ($/shr.)	11.8
Upside (%)	*43.9%*
Market Cap ($ bn)	57.1
Nubank (ROXO34)	**Buy**
Target Price (R$/shr.)	15.0
Current Price (R$/shr.)	10.5
Upside (%)	*43.0%*

Bernardo Guttmann
TMT, Banks & Non-Bank Financials
bernardo.guttmann@xpi.com.br

Matheus Guimarães, CFA
Banks & Non-Bank Financials
matheus.guimaraes@xpi.com.br

Guilherme Meneghetti
Banks & Non-Bank Financials
guilherme.meneghetti@xpi.com.br

Why read this report?

We present a set of proprietary analyses that quantify the size and profitability of Nu's US optionality and explain why we believe current fundamentals appear stronger than the share price implies.

Figure 01: XP Estimates

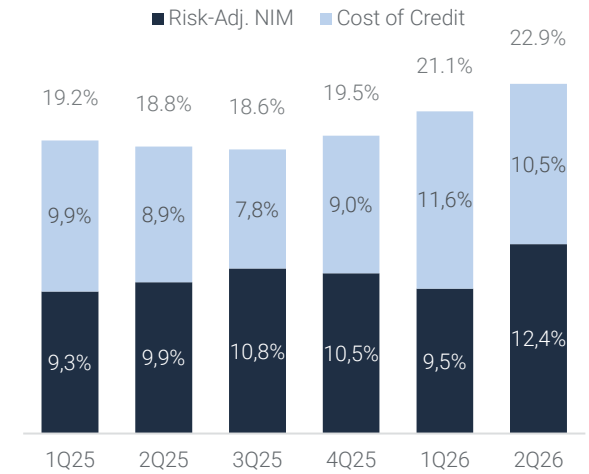
$ mn	2025	2026	2027	2028
Net Interest Income | NII	**8,856**	**13,476**	**18,084**	**23,279**
Fee & Commission	2,340	3,117	3,856	4,533
Cost of Credit	**-4,205**	**-6,696**	**-9,269**	**-11,485**
EBT	3,868	4,831	5,980	8,060
Recurring Net Income	**2,872**	**4,139**	**4,874**	**6,529**
P/E (x)	-	*13.8*	*11.7*	*8.7*
P/BV (x)	-	*3.7*	*3.0*	*2.4*
ROE (%)	*30.3%*	*30.9%*	*28.2%*	*30.5%*

Our Thesis in a Few Charts

Near-term risks overshadowing an attractive long-term opportunity

While successfully containing credit pressures...

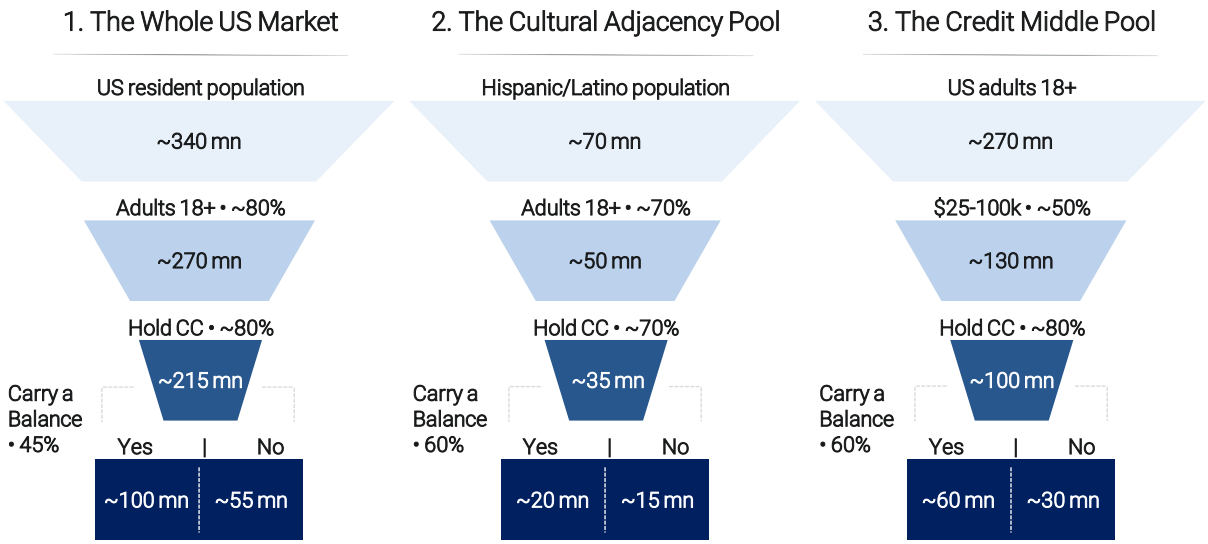
Nu's NIM Breakdown



... share price appears to be overreacting to risks...

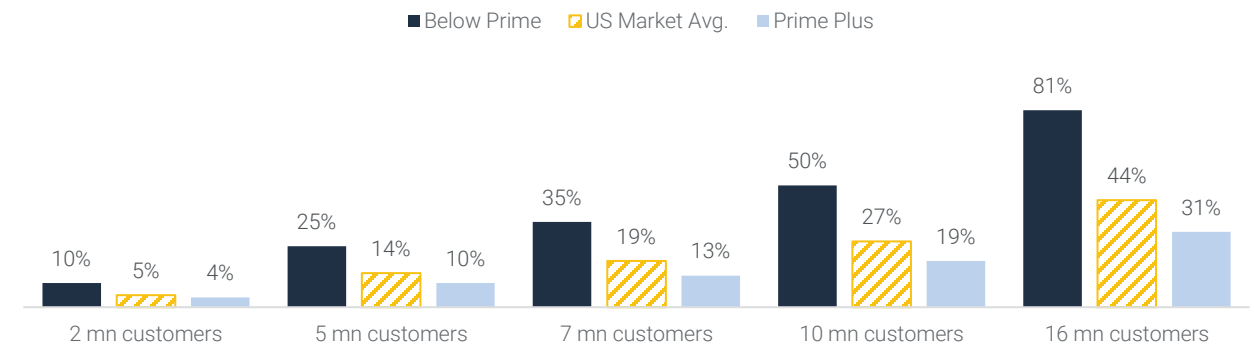
Sensitivity	Portfolio 2027E	P/E 27E
Implied	**43,892**	**16.2x**
-15%	49,090	14.3x
-10%	51,978	13.3x
-5%	54,865	12.4x
Consensus	**57,036**	**11.9x**
XPe	**57,753**	**11.7x**
+5%	60,641	10.8x
+10%	63,528	10.1x
+15%	66,416	9.5x

...creating an attractive entry point to capture sizable medium- and long-term opportunities...



...that could prove highly meaningful to Nubank's future earnings trajectory.

Incremental Nu US Revenue by Customer Count and Credit Mix, at 50% Capture (2Q26 LTM)1



Source: US Census Bureau, Federal Reserve, CFPB, Company and XP Research. Notes: [1] Cardholders × Revenue per Cardholder by Risk Tier × 50% Capture Rate.

Summary

Credit Performance Remains Broadly Controlled

The US Entry

- Who: The Population Pools
- Which Tier: The US Card Market
- The Competitive Set

Financials

Valuation

Risks



Nubank

Credit Performance Remains Broadly Controlled

Credit Performance Remains Broadly Controlled

Loss rates continue to evolve within a manageable range

Credit quality has become a key discussion point among investors amid a more challenging macro backdrop. As portfolio seasoning advances and industry credit data figures deteriorate, the debate has increasingly targeted the sustainability of asset quality trends, the evolution of delinquency indicators, and the adequacy of reserves. In our view, while Nu credit metrics remain broadly under control, investors remain focused on whether the current environment could lead to further pressure on risk indicators, profitability and growth.

That said, we see Nu asset quality as broadly controlled at the portfolio level, but the composition of credit trends has become interesting to note. While the NPL 90+ ratio rose to 6.9% in 2Q26, near its recent peak, and the 15-90 bucket eased seasonally, performance continues to diverge across products. Card metrics remain relatively resilient, with CC Stage 3 balances broadly stable, no major changes in write-off rates and card NPL well-behaved across all income segments in Brazil despite industry-wide deterioration. Nu NPLs 90+ have remained broadly within the range observed in recent years, exhibiting a much more controlled trend than the industry, while early delinquencies continue to follow an upward path marked by significant seasonality and risk-taking approach.

As we explore in the following pages, reserve levels remain robust w/ comfortable coverage ratios and write-offs continue to track at healthy levels, while recoveries have been temporarily affected by one-off factors.

Fig. 02: Nu NPL Ratios (%)

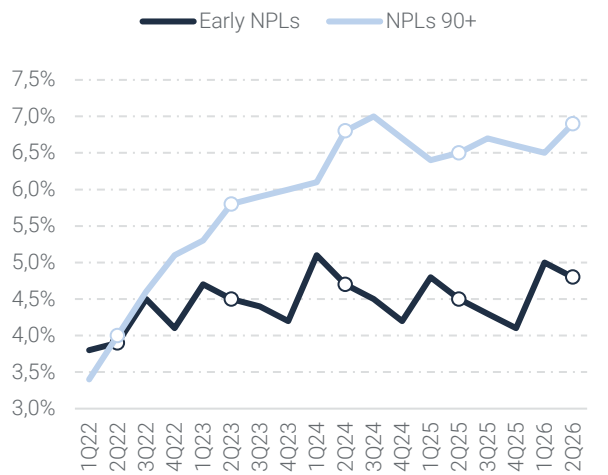


Fig. 03: Early NPLs Comparison (%)

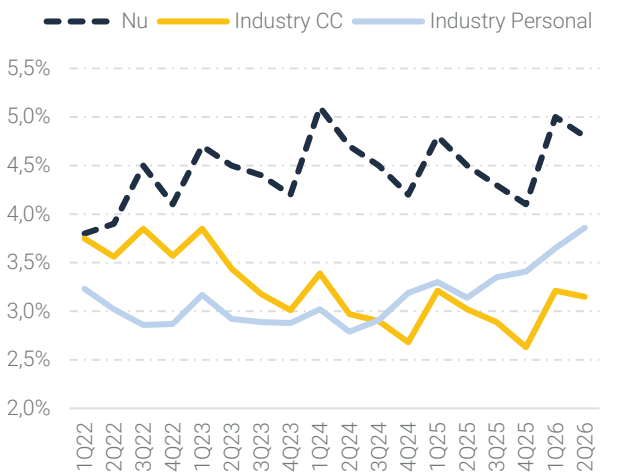


Fig. 04: NPL 90+ Comparison (%)

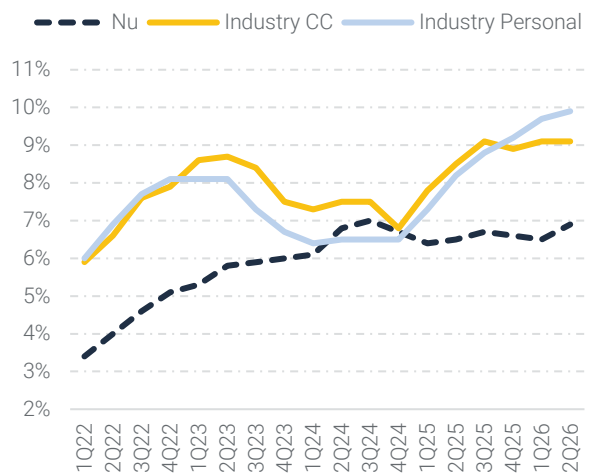
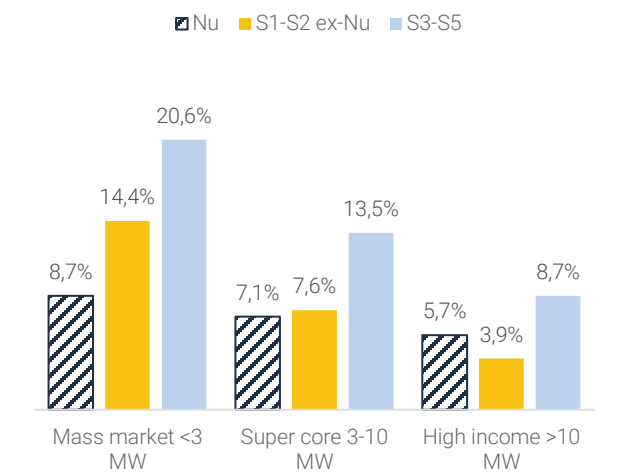


Fig. 05: Card NPL 90+ by Income Band[1]



 Source: Company, BC and XP Research. Notes: [1] May'26.

The increase in Stage 3 loans remains primarily a mix story, with Desenrola 2.0 an important driver of the 2Q26 dynamics. While total Stage 3 exposure increased to 8.8% of gross loans in 2Q26 from 8.0% in 1Q26, card asset quality remained broadly stable, with Stage 3 balances holding within the 8.9%-9.5% range observed over the past five quarters. In contrast, lending Stage 3 rose to 8.3% from 6.3%, driving credit-impaired balances to US$1.1 bn. Importantly, the increase does not appear to reflect a deterioration in migration trends. Instead, the build was largely driven by the recognition of renegotiated exposures under Desenrola 2.0, which are booked directly into lending Stage 3 - transfers remained broadly in line with historical levels and write-offs slightly higher, while gross carrying amount additions increased meaningfully in the quarter. As a result, part of the decline in lending coverage appears transitory, reflecting the lower loss content of FGO-guaranteed balances. Finally, we believe that risk-seeking underwriting initiatives and seasonality continue to impact delinquencies and reserves during the quarter.

Fig. 06: Stage 2 and 3 Exposure, % of Gross Book

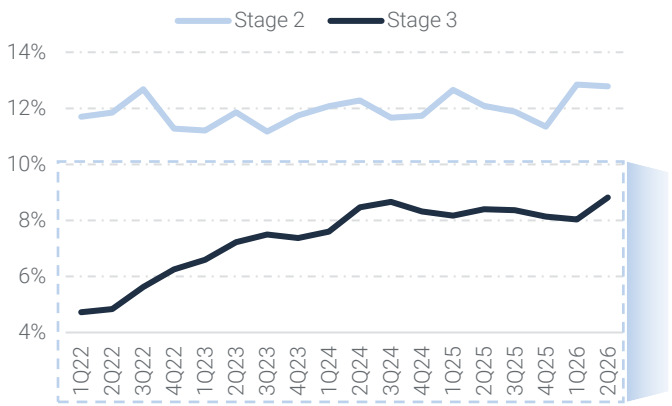


Fig. 07: Stage 3 Exposure Breakdown

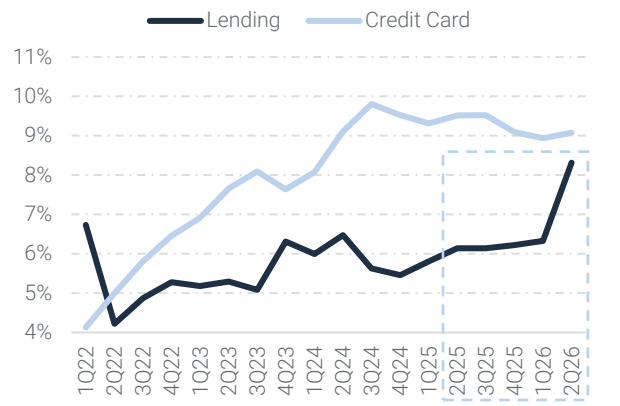
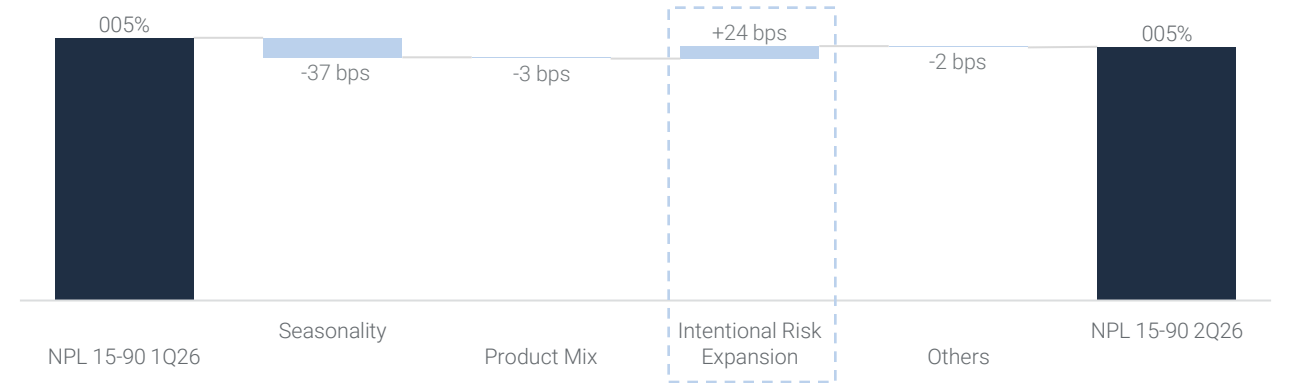


Fig. 08: Stage 3 Roll-forward, Lending and Card ($ mn)

	Lending, quarter			Lending, half		Card, half	
US$mn	2Q25	1Q26	2Q26	1H25	1H26	1H25	1H26
Opening Stage 3	456	680	816	334	680	1,392	1,978
(+) Transfers in (from Stages 1 and 2)	297	544	562	677	1,106	961	1,478
(−) Transfers out (to Stages 1 and 2)	-11	-45	-32	-55	-77	-77	-152
(−) Write-offs	-348	-458	-604	-607	-1,062	-907	-1,269
(+) Net increase of gross carrying amount	136	53	374	152	427	169	194
(+) FX (OCI)	26	41	2	55	43	197	127
Closing Stage 3	**556**	**816**	**1,117**	**556**	**1,117**	**1,734**	**2,357**
% of average gross book, annualised							
Transfers in	14.1%	18.3%	17.1%	17.6%	17.8%	11.7%	12.3%
Write-offs	16.4%	15.4%	18.3%	15.8%	17.1%	11.1%	10.6%
Net increase of gross carrying amount	6.4%	1.8%	11.4%	4.0%	6.9%	2.1%	1.6%

Fig. 09: NPL 15-90 QoQ Bridge



Cost of risk remained elevated in 1H26, although strong recoveries masked part of the underlying pressure: on a year basis, cost of risk increased faster than loan growth, while net write-offs declined. We highlight that gross cost of risk rose by 1.3 p.p. YoY, but higher yields continued to offset the increase in losses, allowing risk-adjusted margins to improve sequentially. In our view, this supports management's argument that its intentional risk expansion remains value accretive, although part of the recent CoR improvement was driven by unusually strong recoveries, mainly impacted by Desenrola 2.0 program, with a one-off ~5% impact in the net income, as discounted renegotiations and Stage 3 provisioning were offset by recoveries and FGO-related reserve releases, which should normalize in the next quarters.

Fig. 10: Cost of Risk (annual, %)

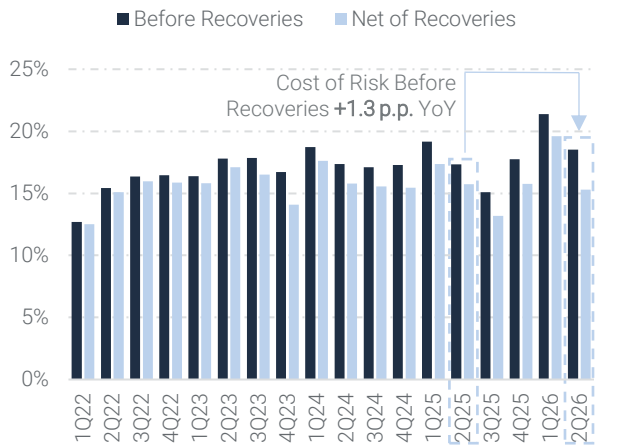


Fig. 11: NIM Split, Managerial (annual, %)

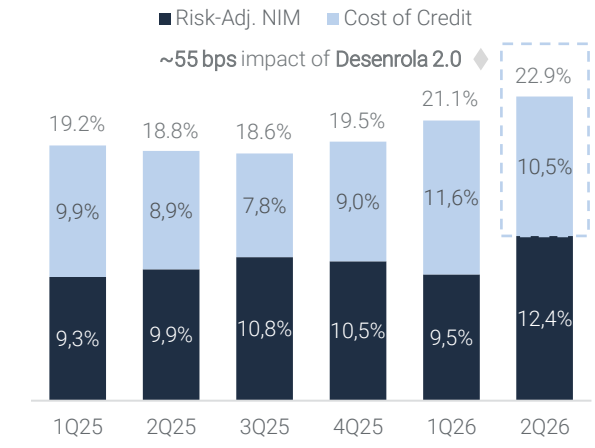


Fig. 12: Write-offs and Recoveries (annual, %)

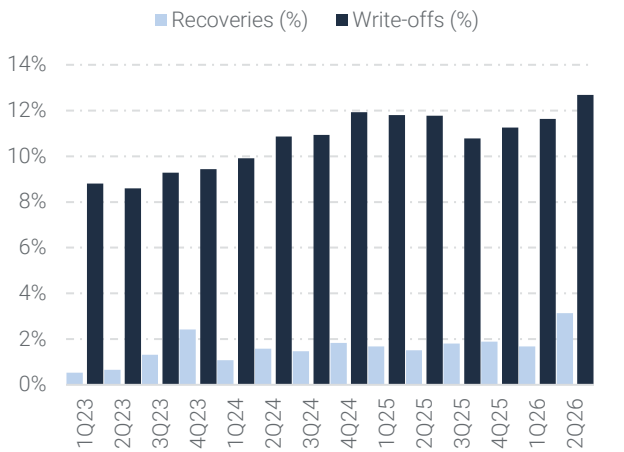


Fig. 13: Net Write-offs (annual, %)

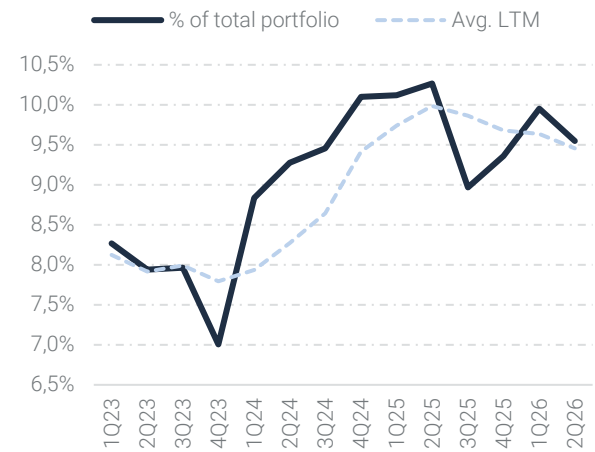
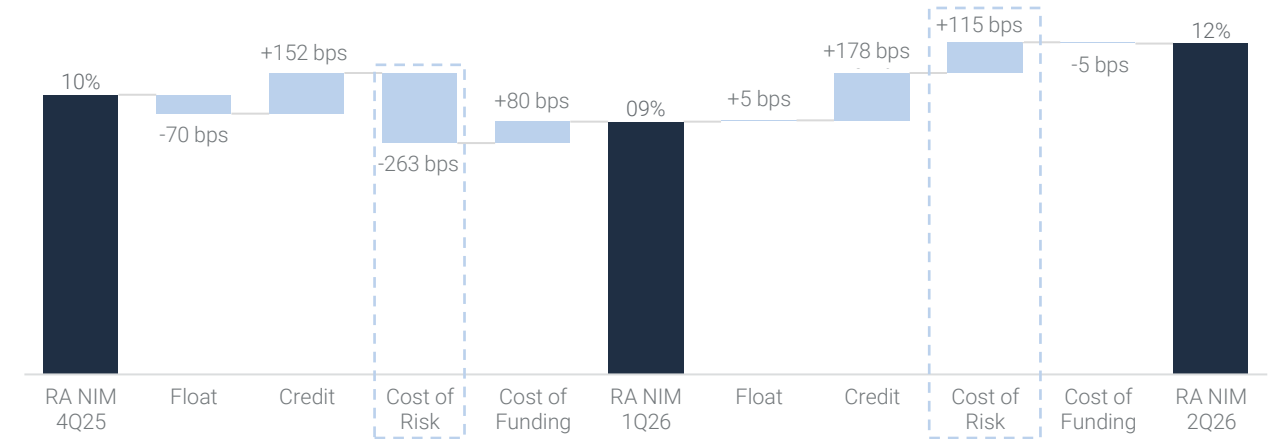


Fig. 14: Risk-Adjusted NIM - QoQ walk



In this context, reserve dynamics remain constructive, in our view, with provisioning becoming more front-loaded rather than less conservative. Total allowances reached a record 16.9% of gross loans in 2Q26, up from 15.8% a year ago, driven primarily by higher Stage 2 coverage, which increased to 41.1% as expected-loss models likely continue to anticipate higher lifetime losses from newer and riskier vintages, as well as portfolio mix changes. Meanwhile, Stage 3 coverage declined to 79.5% in 2Q26 (vs. 85.5% in 2Q25), mainly led by the YoY drop in CC coverage and Desenrola 2.0 dynamics. Importantly, aggregate reserve buffers remain robust, covering 244% of 90+ NPLs, while quarterly provisioning continued to more than offset new delinquency formation, suggesting that reserve adequacy remains comfortable.

Fig. 15: Coverage by Stage (%)

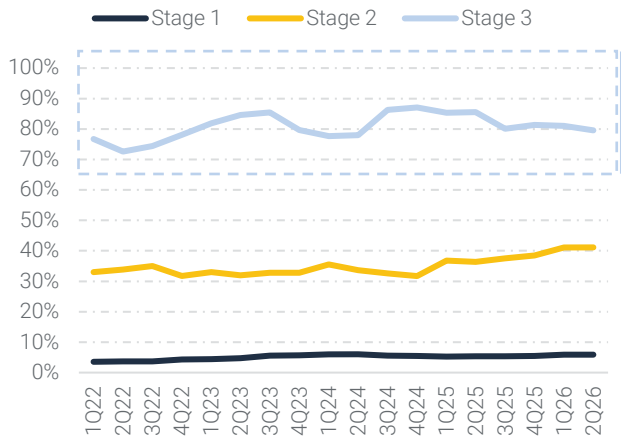


Fig. 16: Stage 3 Coverage by Product (%)

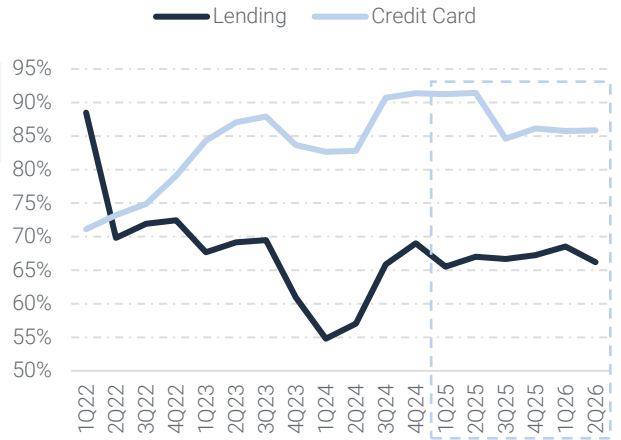


Fig. 17: Stage 3 Coverage YoY Movements (p.p.)

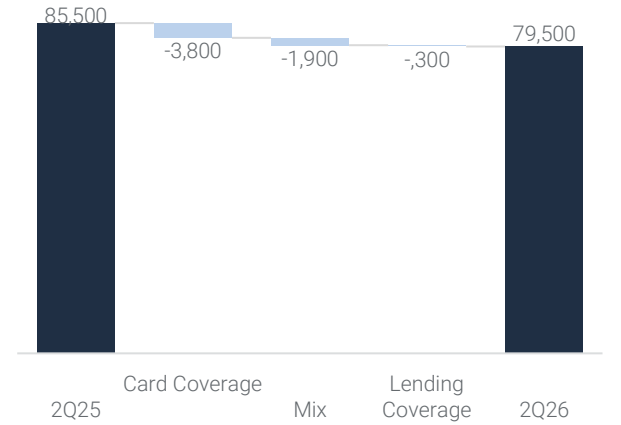


Fig. 18: Allowance, % of Gross Book (annual)

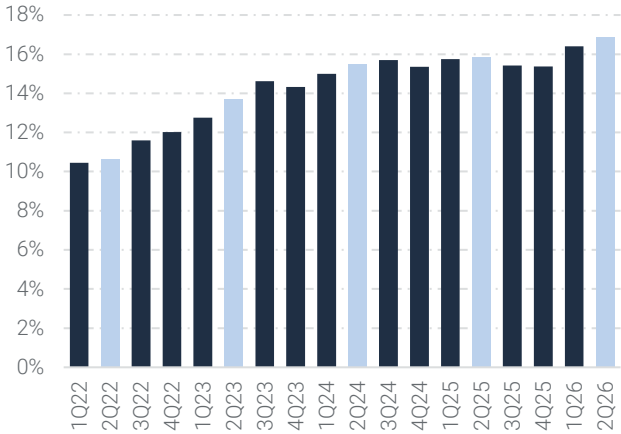


Fig. 19: NPL 90+ Coverage (%)

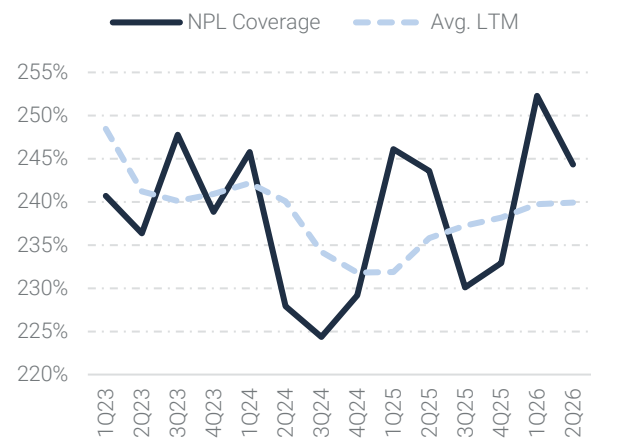
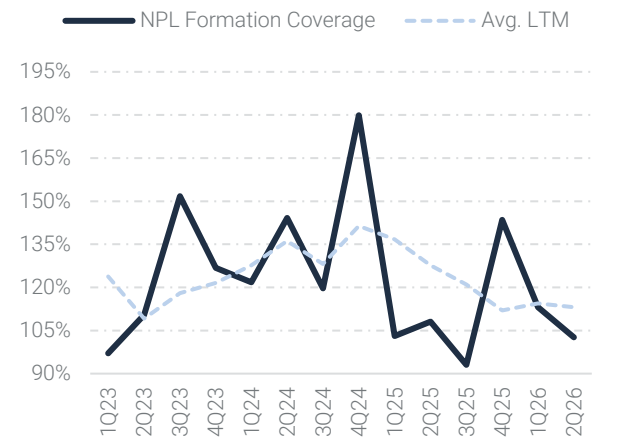


Fig. 20: NPL Formation Coverage (%)



However, mixed early-stage delinquency indicators suggest somewhat greater pressure in cards than headline NPL metrics imply, although the evidence is not yet sufficient to conclude that asset quality is deteriorating structurally. Card balances 1-90 days past due continued to increase through Jun'26, while overdue loan installments also trended higher, contrasting with the sequential improvement in Nu's reported 15-90 NPL ratio. Management attributes the quarter's performance to a combination of seasonal relief and deliberate risk expansion, a framework we view as broadly consistent with the observed trends. While the normalization of early-stage delinquencies remains a key monitorable for 2H26, current data appear more indicative of portfolio seasoning and controlled risk-taking aligned with riskier portfolio mix.

Fig. 21: Card Receivables Overdue, by Bucket (%)

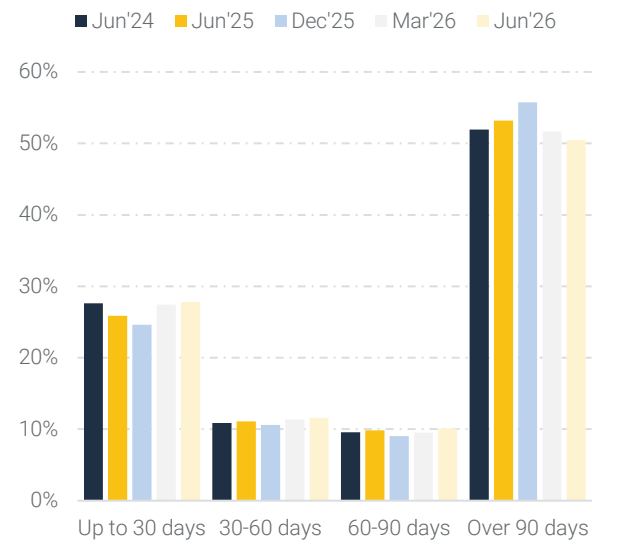
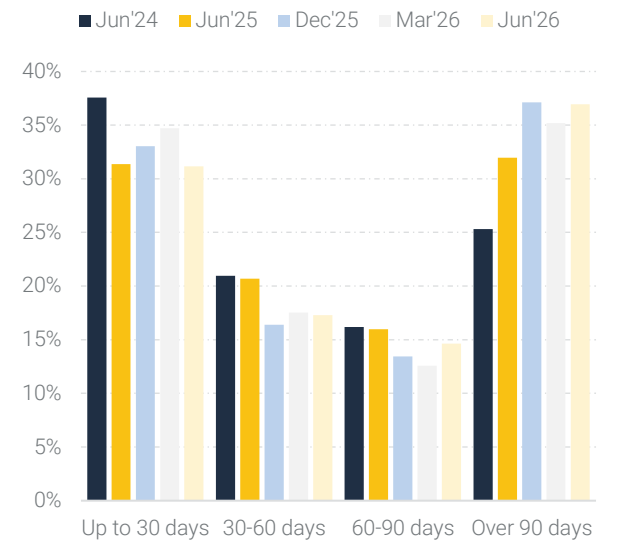


Fig. 22: Loans Overdue, by Bucket (%)



Overall, we continue to view Nubank's credit quality as well controlled, with current trends more consistent with portfolio maturation and deliberate risk expansion than with a broad-based deterioration in underwriting standards. Importantly, the bank benefits from a relatively short-duration credit book, which allows risk to be repriced and underwriting policies to be adjusted quickly as conditions evolve. At the same time, we believe that Nubank is not immune to a more challenging macro environment, particularly as growth in clean credit products increases the portfolio's sensitivity to consumer fundamentals. That said, while reserve levels remain robust, migration indicators do not show an important increase, and risk-adj. profitability continues to hold up, we believe investors should remain attentive to the evolution of early-stage delinquencies, credit book performance, and reserve dynamics over the coming quarters. For now, asset quality does not appear to be a thesis-changing concern, but it remains a key variable to monitor as the credit cycle progresses.

Fig. 23: Portfolio Sensitivity ($ mn)[1]

Sensitivity	Portfolio 2027E	P/E 27E
Implied	**43,892**	**16.2x**
-15%	49,090	14.3x
-10%	51,978	13.3x
-5%	54,865	12.4x
Consensus	**57,036**	**11.9x**
XPe	**57,753**	**11.7x**
+5%	60,641	10.8x
+10%	63,528	10.1x
+15%	66,416	9.5x

We note that a key investor concern remains the sustainability of the bank's growth trajectory. Our sensitivity analysis suggests that the market is already pricing in a relatively conservative growth outlook: at the consensus portfolio estimate of $57.0 bn for 2027E, the stock trades at 11.9x P/E. If portfolio growth were to exceed our expectations by 10%-15%, the implied multiple would compress to 10.1x-9.5x, supporting the argument that the stock remains attractive if growth execution continues. Conversely, a portfolio 10%-15% below our estimates would imply a multiple of 13.3x-14.3x, indicating that a material deceleration in growth could warrant a less compelling valuation, but yet lower than historical avg. of ~17-18x. **Therefore, while we believe that slower growth could lead to a de-rating in the shares, we see a positive asymmetry in the current price scenario.**

Desenrola 3.0: What It Could Do

An additional recovery channel for legacy NPLs

Desenrola 3.0 could create an additional recovery channel for written-off portfolios. The program differs from previous iterations by focusing on the acquisition of deeply delinquent debt portfolios rather than loan renegotiations or new lending. For Nubank, the main P&L implication would therefore come through cash recoveries on already written-off exposures.

The potential earnings benefit stems from the pricing gap. While industry written-off portfolio sales have recently been executed at low recovery values, Desenrola 3.0 establishes a significantly higher recovery floor, creating the possibility of monetizing legacy balances at levels well above typical market transactions. The magnitude of the opportunity ultimately depends on participation rates and final auction discounts.

We provide a sensitivity analysis for this opportunity. We estimate that the bank has ~R$23 bn in charged-off loans within the program's eligible lookback period. Even under relatively conservative assumptions, proceeds could translate into a meaningful one-off increase in recoveries and pre-tax income, while more optimistic scenarios imply a larger earnings uplift. That said, we see that any gains would likely be non-recurring and therefore have limited impact on our long-term valuation framework.

Fig. 24: Desenrola Programs Comparison

	Desenrola Brasil (2023–24)	Desenrola 2.0 (May–Aug 2026)	Desenrola 3.0 (from Nov 2026)
Instrument	Law 14,690/2023	MP 1.355/2026	MP 1.393/2026
Eligible debt	Faixa 1 (≤2 MW, ≤R$5k) and Faixa 2 (bank debts)	Card, overdraft, personal loans; 91–720 dpd; income ≤5 MW	<R$10k; 720–1,645 dpd; cards and non-payroll loans
Terms	Discounts of 85–90%	Up to 90% (c.80% avg.); ≤1.99%/month; FGO on 50%	≥90% floor, set by auction; debtor terms by the CMN
Mechanism	Renegotiation, FGO-backed	Banks re-lend under an FGO guarantee	Union buys the portfolios (≤R$15 bn)
Size	R$53 bn renegotiated; c.15mn people	R$22 bn renegotiated; c.10mn people	≤R$150 bn face; R$90bn first call
Nu P&L channel	Renegotiations; small debts cleared	Recoveries; lending Stage 3 rebooking	Cash recoveries

Fig. 25: Cash per R$100 of Face Value (R$)

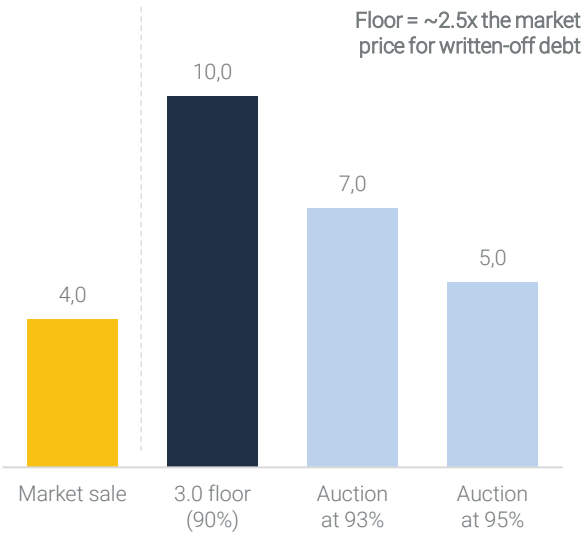
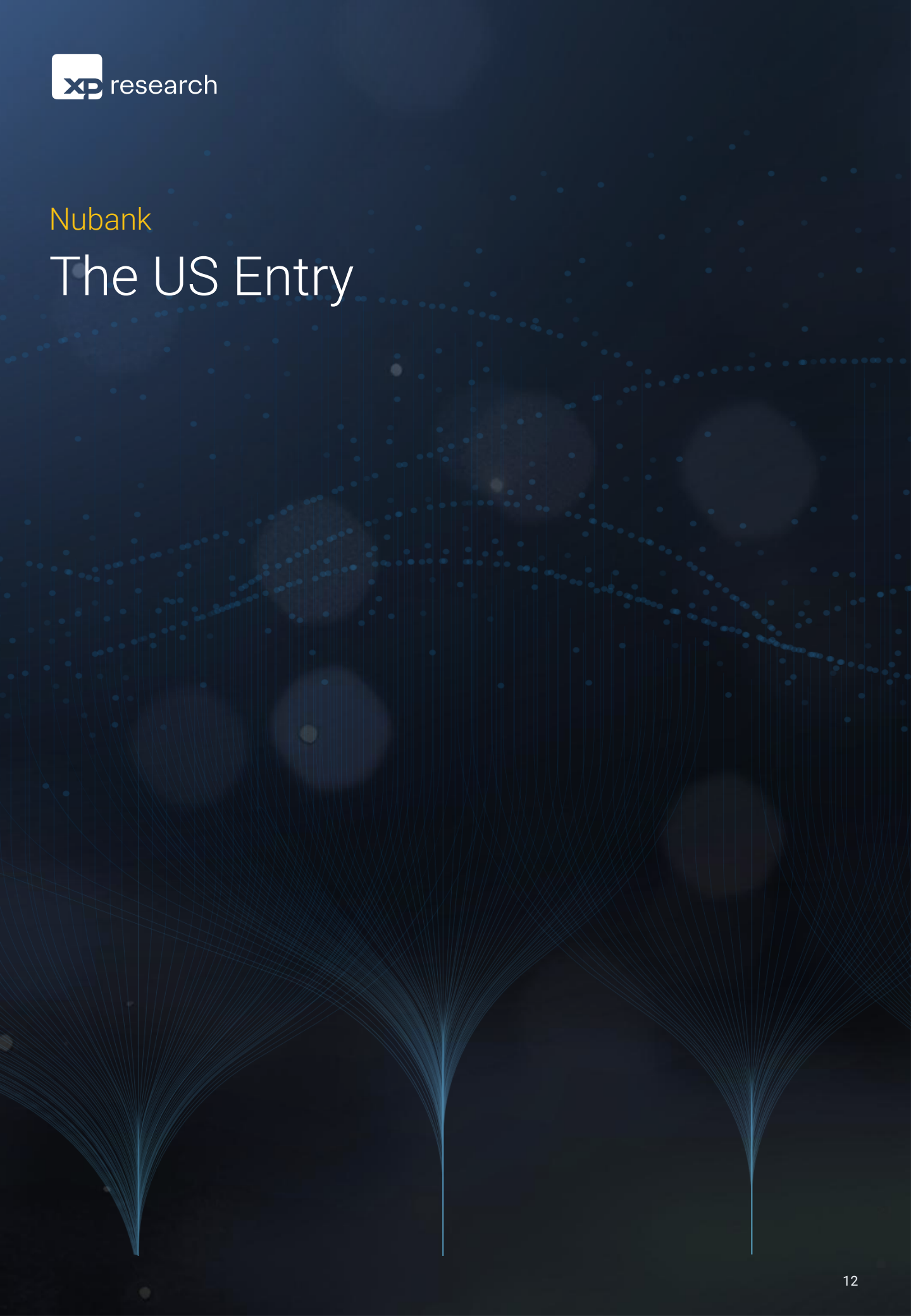


Fig. 26: Nu Proceeds and 26E EBT Impact (R$ mn)

Share of stock sold / Floor	90%	93%	95%
25%	578 (2.3%)	404 (1.6%)	289 (1.1%)
50%	1,155 (4.5%)	808 (3.2%)	578 (2.3%)
75%	1,732 (6.8%)	1,213 (4.7%)	866 (3.4%)
100%	2,310 (9.0%)	1,617 (6.3%)	1,155 (4.5%)



Nubank

The US Entry

The US Entry

The road to a U.S. Bank

Nubank's push into the U.S. market has evolved meaningfully over the past quarters. The company first secured conditional approval from the OCC to establish a U.S. banking organization and, on Jan'26 started two OCC clocks: capitalize within 12 months and open within 18. Since then, Nubank has stepped up its U.S. investments through marketing initiatives, such as the Inter Miami stadium naming-rights deal, and announced the partnership with Lead Bank in Sep'26 to start the US operation through deposits and cards. While management continues to emphasize a measured approach, recent developments such as the launch of Nu Global, the introduction of cross-border financial services, and the expansion of U.S.-related product capabilities indicate that internationalization is increasingly becoming a strategic priority.

Fig. 27: Nu US Recent Evolution Marks

Date	Event (done)	Detail
Sep'25	OCC charter application	Proposition: deposits, credit cards, lending, digital-asset custody. Proposed board: Roberto Campos Neto (chair), Youssef Lahrech, Brian Brooks, Kelley Morrell, Cristina Junqueira named US CEO.
Jan'26	OCC conditional approval	Bank organization phase: must satisfy OCC conditions, obtain FDIC and Fed approvals, capitalize within 12 months and open within 18 months.
Jan'26	US hubs named	Miami, San Francisco Bay Area, Northern Virginia, North Carolina Research Triangle.
Mar'26	Nu Stadium (Miami)	Naming rights for Inter Miami's new stadium.
May'26	1Q26 call	US investment kept below 100 bps of the consolidated ER in 2026 and 2027, within the ~20% efficiency target.
Aug'26	2Q26 call	US credit curves to mature in 12+ months; US headcount to rise to ~1-2% of total. Bank to launch by the middle of next year.
Sep'26	US launch	Nu Account 3.50% APY; fee-free domestic and international transfers; no-annual-fee Mastercard with 1.5% unlimited cash back; metal card. Bundle: 4.50% APY on up to US$10k (coming soon).
Sep'26	Nu Global	Multi-currency account: 3.50% APY in USDC, 2.20% in EURC; virtual card; fee-free transfers across 35+ countries; BTC/ETH initially Europe to LatAm; Brazil, Colombia, Mexico and US planned.
Sep'26	Videocast	US team of ~60 people. New app and new brand for the US. Cost to serve expected not much bigger than US$1. Revenue from debit and credit interchange plus lending NIM. ARPAC bigger.

Regarding the roadmap toward a full U.S. banking launch, the remaining gating items are primarily regulatory approvals from the FDIC and Federal Reserve, alongside the capitalization and opening of Nubank's U.S. bank, which management expects by mid-2027. Beyond obtaining a banking charter, the strategic objective appears to be bringing deposits onto NU's own balance sheet, creating the foundation to expand into lending and other higher-monetization products. While the initial launch is expected to remain focused on payments and deposits, the roadmap suggests a gradual transition toward a more complete digital banking franchise.

Fig. 28: Nu US Roadmap, What to Watch

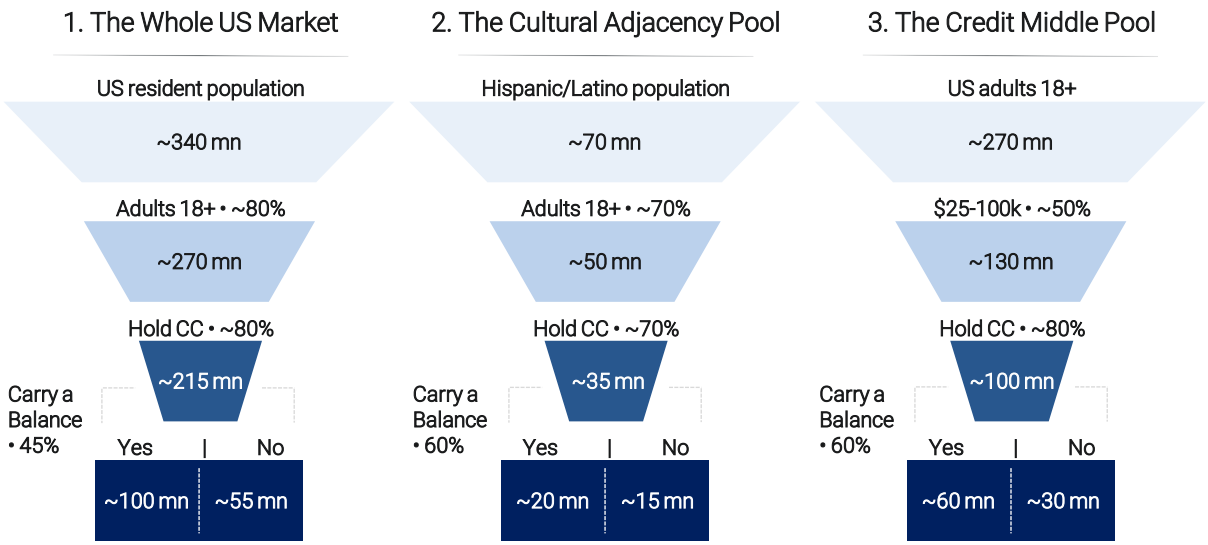
Item	Status / what to watch
FDIC deposit insurance + Federal Reserve approvals	Pending. Required before opening.
Capitalize Nubank, N.A.	Within 12 months of 29 Jan 2026 (≈ by late Jan 2027).
Open the bank	Within 18 months (≈ by late Jul 2027).
Migrate from Lead Bank to own charter	US CEO: transition to own charter to "put the deposits to use".
Lending and digital-asset custody	Included in the charter application.
More remittance corridors; Nu Global to BR/CO/MX/US	Announced as planned; timing undisclosed.
Additional Nu Global products	"Tokenized assets" and other products "over the next few years".
Next-phase US investment	Conditional on product-market fit and a credible path to profitable scalability.

Mapping the U.S. Opportunity Set

Assessing three customer funnels and the trade-offs

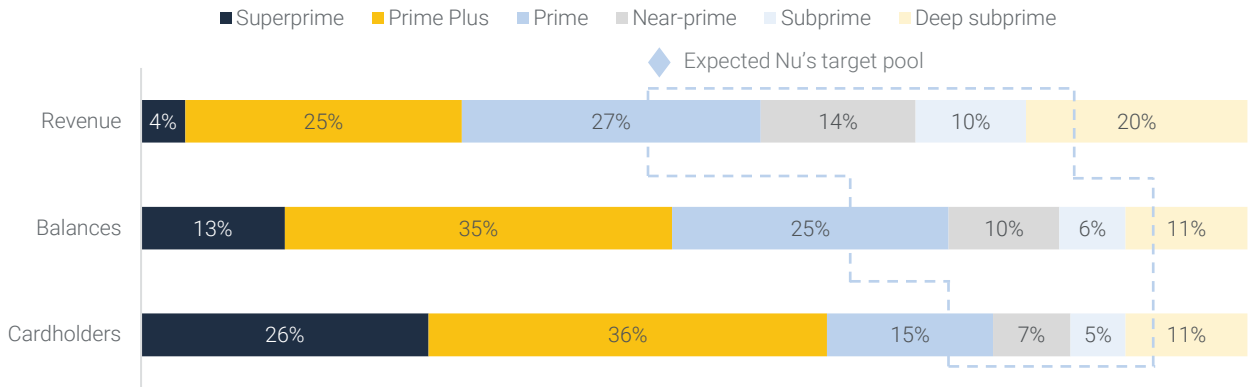
We estimate the U.S. population pools opportunity through three distinct funnels. The whole U.S. market represents the broadest TAM, offering the largest pool of credit-active consumers, but it would likely require competing head-on with well-established banks across a highly fragmented landscape. The Hispanic/Latino funnel reflects a cultural-adjacency strategy, leveraging Nubank's experience serving LatAm consumers, a younger demographic profile, and potential brand resonance among underserved segments, while still providing minimum scale to start operating. Finally, the "credit-middle" funnel prioritizes economics over reach. In this segment, customers tend to exhibit greater product depth and a higher propensity to revolve balances, potentially supporting faster monetization and lower customer acquisition friction.

Fig. 29: The US Population Funnel



The second axis of our analysis is where along the credit spectrum Nubank chooses to compete, and the economics are notably different from the customer distribution. While superprime and prime-plus borrowers account for roughly 62% of cardholders, they generate only 29% of industry revenue, reflecting lower revolving activity and a greater emphasis on transactors. At the other end of the spectrum, near-prime, subprime and deep-subprime borrowers represent just 24% of cardholders but 44% of revenue, highlighting the significantly higher monetization potential of underserved segments. As a result, a "credit-middle" strategy, in our view broadly consistent with Nubank's recently launched US operation, seems to target the underserved customer pool and likely offers a more measured risk profile, with relatively high revenue intensity. We assess both paths in the sections that follow.

Fig. 30: Share of US Cardholders, Balances and Revenue by Credit Score





Nubank

Who: The Population Pools

Who: The Population Pools

A focus on the underserved middle market

The cultural adjacency pool is large and young, but its affluent tail is thin. The Census Bureau counts ~70 mn Hispanic or Latino residents at 2024, ~20% of the US population, with a median age of ~31 years. Mexican-born residents account for almost half of foreign-born people, while the Colombian- and Brazilian-born figure fewer than 2 mn together. We note that ~5 mn Hispanic individuals earn more than US$100k/year, ~11% of Hispanic income earners against ~20% nationally, and per-capita income among Mexican-origin residents is less than 60% of the national figure. In our view the adjacency pool can support a credit-led entry, characterized by a relevant pool of low-income potential customers more familiar with Nu's brand.

Fig. 31: US Population by Age[1] (# mn)

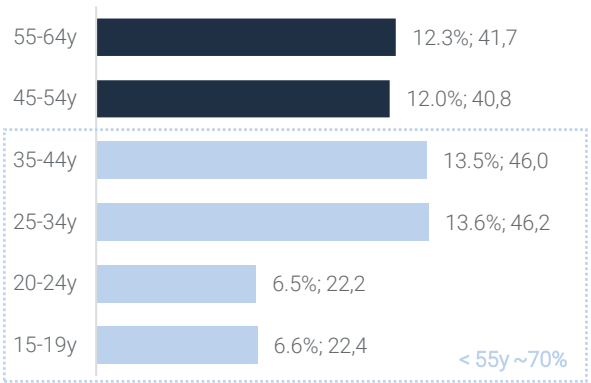


Fig. 32: Hispanic/Latino US Pop. by Age[1] (# mn)

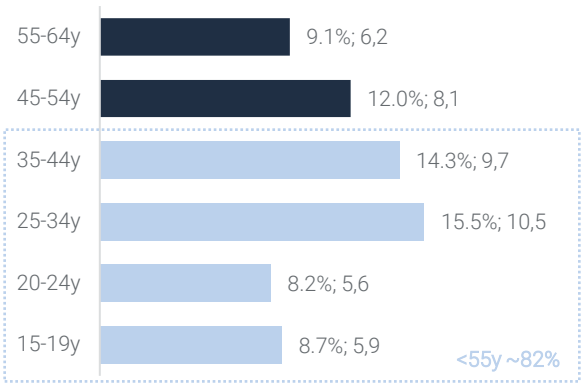


Fig. 33: US Population by Birth Place (# mn)

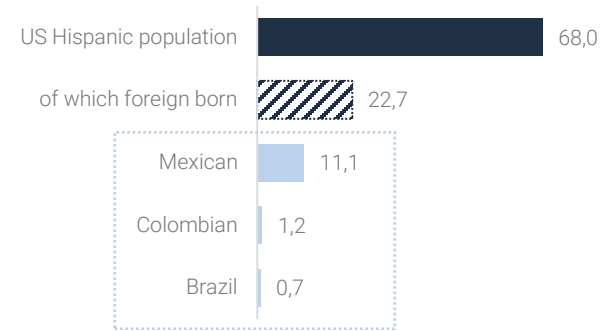


Fig. 34: Avg. Income per Capita ($ '000)

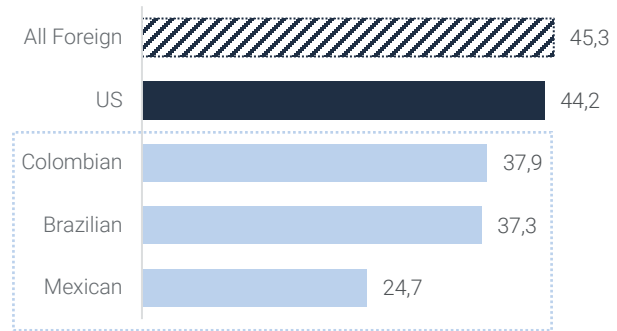


Fig. 35: US Population by Income (# mn)

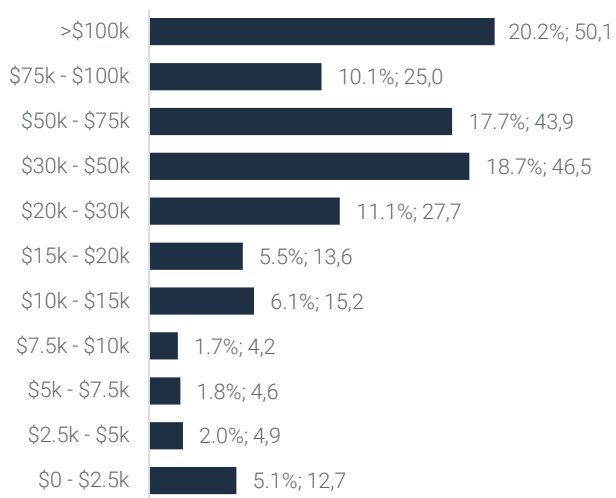
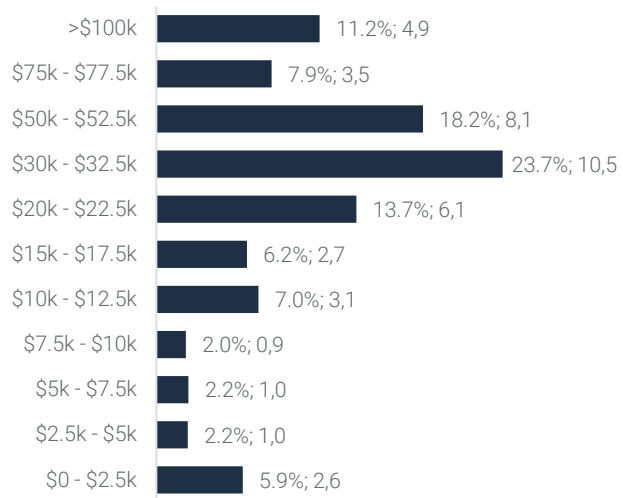


Fig. 36: US Hispanic/Latino by Income (# mn)



Source: US Census Bureau, Pew Research Center, Migration Policy Institute and XP Research. Notes: [1] % considers the total population.

The charts below reinforce our view that an attractive opportunity in the U.S. cards market lies among younger, lower-to-mid-income and Hispanic/Latino consumers. These segments appear to be relatively underserved by incumbents, largely reflecting their higher perceived credit risk, thinner credit files and lower bureau scores. Yet, the data also point to meaningful unmet demand, with card penetration remaining low among these customer profiles. Notably, lower-income borrowers carry balances more frequently than higher-income cohorts, suggesting a greater need for revolving credit and a potentially attractive revenue pool. In our view, this is where Nu's model could be differentiated. Similar to its approach in Brazil, the company combines a low-cost operating model with AI-driven, cash flow-based underwriting, which may allow it to assess risk beyond traditional bureau scores and capture part of this unmet demand.

Fig. 37: Avg. Credit Score by Generation

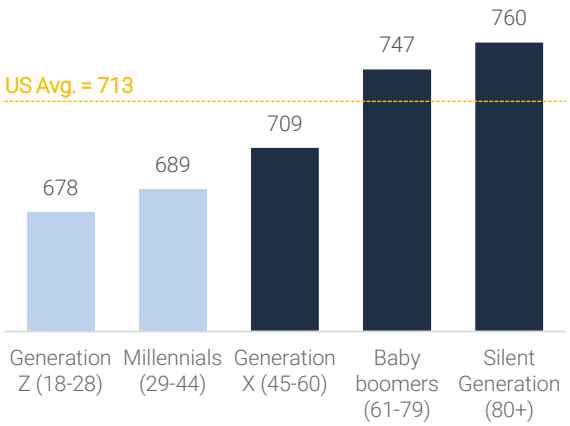


Fig. 38: % of Consumers by Score Range

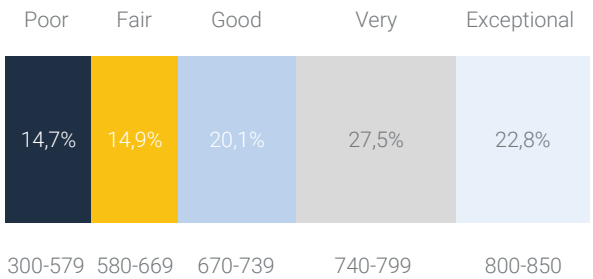


Fig. 39: Adults w/ a CC, by Household Income

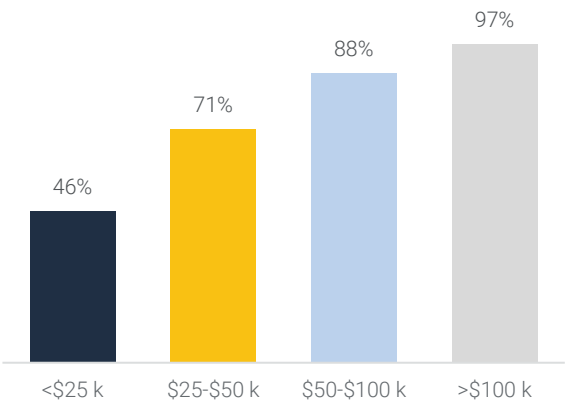


Fig. 40: Adults Carrying a Balance[1]

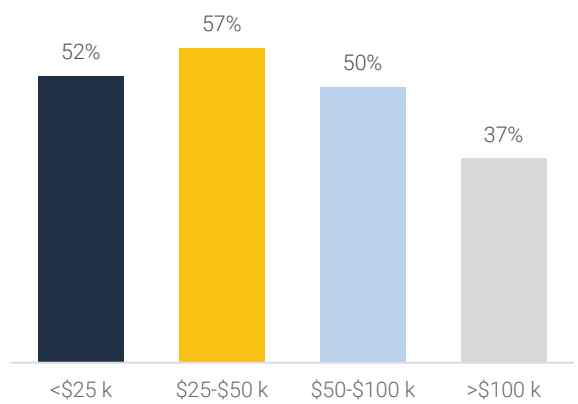


Fig. 41: Adults w/ a CC, by Age

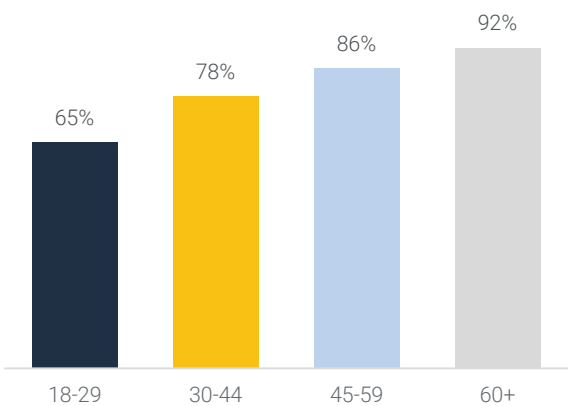
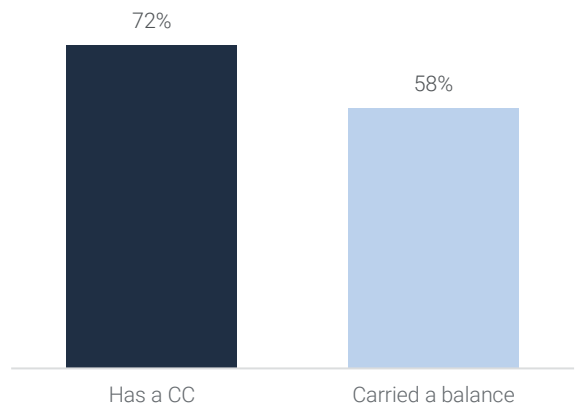


Fig. 42: Hispanic Cardholders Carrying a Balance



In addition, we note that most successful U.S. fintechs operate with relatively low penetration rates and far smaller customer bases, while Nu has historically grown at a faster pace than most peers, balancing growth and monetization better than many peers. Taken together, the data imply that even a moderate U.S. customer base could become economically meaningful if Nu replicates part of its historical execution.

Fig. 43: Customers vs. Years Since Founding

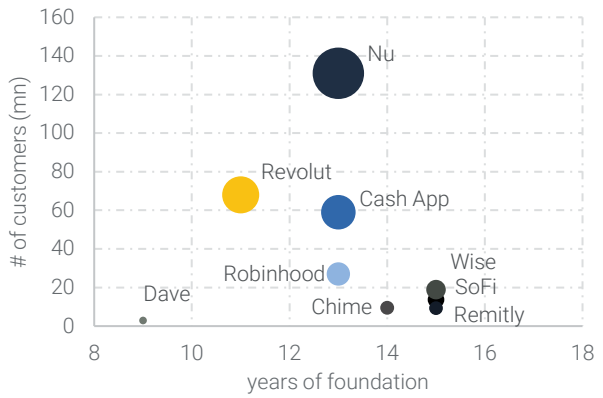


Fig. 44: Revenue per Customer ($)

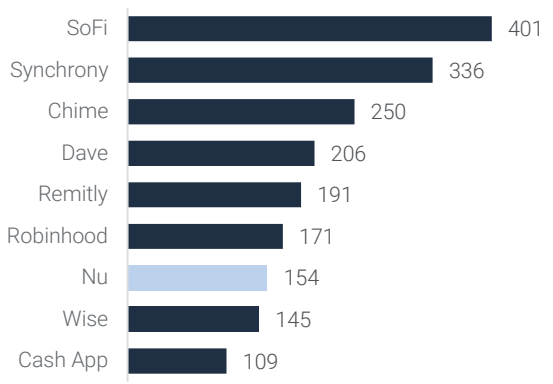


Fig. 45: Overview of Clients Penetration, Scale and Monetization by Selected Companies

Company	Customers (mn)[1]	US Penetration				Scale & Monetization			
		% of all adults	% of below prime	% of upper prime	% of unscored	Years	Avg. Net Adds per Year (mn)	Revenue (2025; $ mn)[2]	Revenue per Customer ($)
Chime	9.5	3.5%	13.6%	8.0%	28.2%	14	0.68	2,187	250
SoFi	13.7	5.1%	19.6%	11.5%	40.7%	15	0.91	4,770	401
Dave	2.9	1.1%	4.2%	2.5%	8.7%	9	0.32	554	206
Robinhood	27	10.0%	38.6%	22.7%	80.1%	13	2.08	4,473	171
Cash App	59	21.9%	84.4%	49.7%	175.1%	13	4.54	6,335	109
Remitly	9.3	3.4%	13.3%	7.8%	27.6%	15	0.62	1,635	191
Wise	18.9	7.0%	27.0%	15.9%	56.1%	15	1.26	2,503	145

Customer targets are best judged against two yardsticks: the pool they draw from and the pace US players have actually achieved. Against the 75mn US cardholders below FICO 720, the tiers where revenue per cardholder plateaus at c.US$1.9-2.0k, 10mn customers would mean ~13% capture; against the ~135mn cardholders earning less than US$100k, ~7%. The required customer acquisition pace appears achievable, as reaching 10-20mn customers by 2036 is equivalent to just 40-80% of the avg. scale of selected U.S. peers have shown and 30-60% of Nu's avg. ex-Brazil customer base growth in the last years.

Fig. 46: Nu Scale and Penetration Sensitivity

Target by 2036	Net adds per year ('000)	% of US adults	% of cardholders below FICO 720	% of cardholders earning <US$100k	vs. selected US peers average	vs. Nu's average ex-Brazil
2mn	200	0.7%	2.7%	1.4%	8.2%	6.1%
5mn	500	1.8%	6.7%	3.7%	20.1%	15.2%
10mn	1,000	3.6%	13.3%	7.4%	40.6%	30.3%
20mn	2,000	7.1%	26.7%	14.8%	80.3%	60.6%
50mn	5,000	17.9%	66.7%	37.0%	200.1%	151.5%

Source: Experian, CFPB, US Census Bureau and XP Research. Notes: [1] Active customers, members, monthly transacting members, funded customers, monthly active customers, quarterly active customers and active customers, respectively. [2] Revenue, gross-revenue, net operational revenue, total net revenue, gross profit, revenue and net revenue, respectively.



Nubank

Which Tier: The US Card Market

Which Tier: The US Card Market

Balancing Opportunities and Risks in the Credit Middle

In recent years, US consumers have steadily amplified their borrowing capacity and credit balances. Total household debt has risen from roughly US$11 tn in 2014 to more than US$18 tn today, driven primarily by mortgages but also supported by growth in CC, auto, and student loan balances. Importantly, the increase in CC line has been accompanied by an even larger expansion in available credit lines, pushing total limits to record highs while keeping utilization relatively stable in the low-20% range. At the same time, lenders have continued to extend sizeable credit lines to new customers, and account openings have normalized after the post-pandemic volatility, suggesting a consumer credit market characterized by both growing demand and ample credit availability.

Fig. 47: US Balance by Credit Product ($ tn)

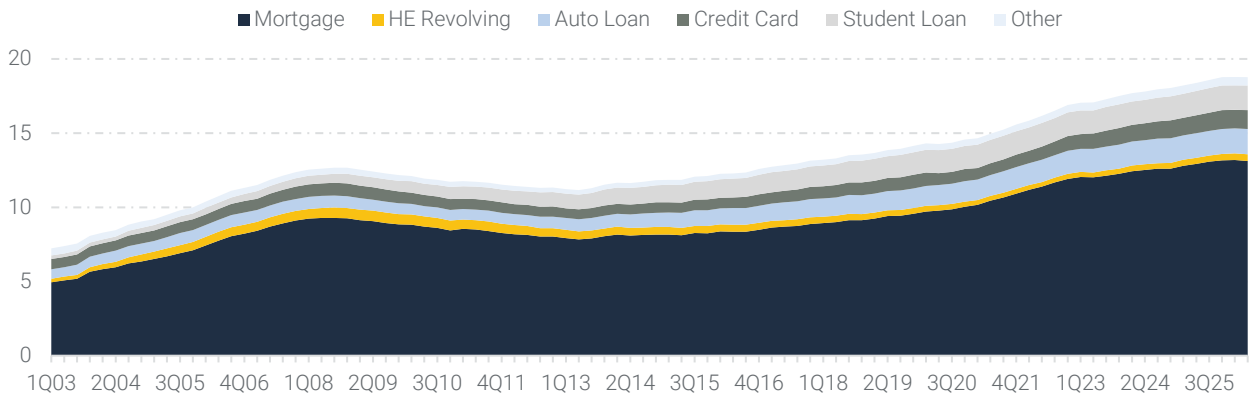


Fig. 48: US CC Limit, Drawn/Undrawn Balance ($ tn)

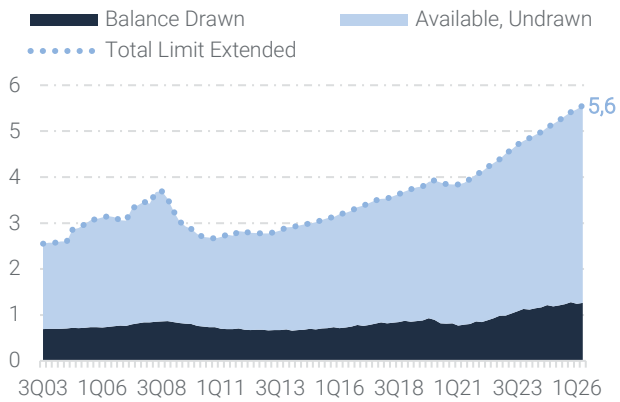


Fig. 49: CC Limit Utilization (%)



Fig. 50: US Consumer Credit Accounts (# mn)

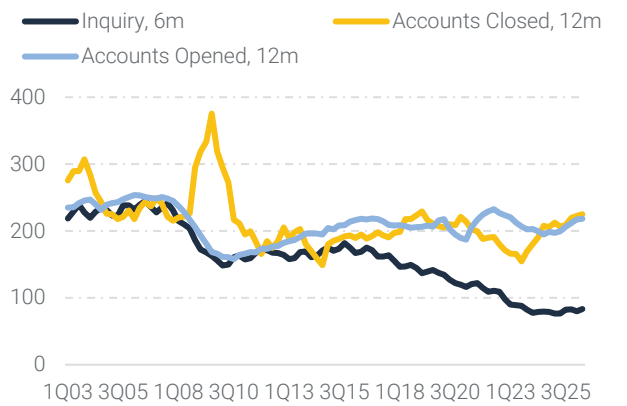
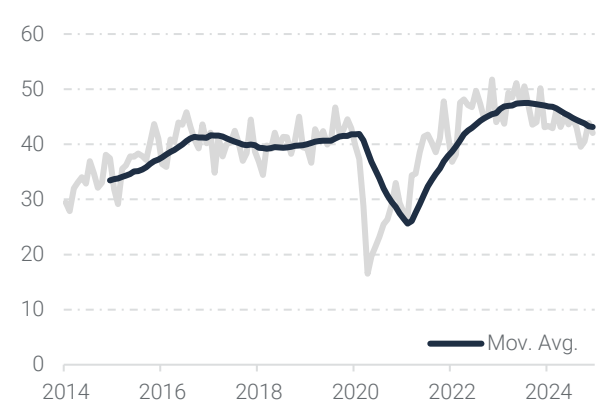


Fig. 51: Credit Line Extended on New Acc. ($ bn)



Against this backdrop of expanding credit availability, new account growth has recovered after 2020 focused on prime+ cohorts of score. Utilization rates have stayed relatively stable across score segments, with subprime borrowers consistently exhibiting the highest utilization and superprime borrowers the lowest, suggesting that credit usage patterns by risk profile have changed little over time.

Fig. 52: New Accounts Opened (# mn)

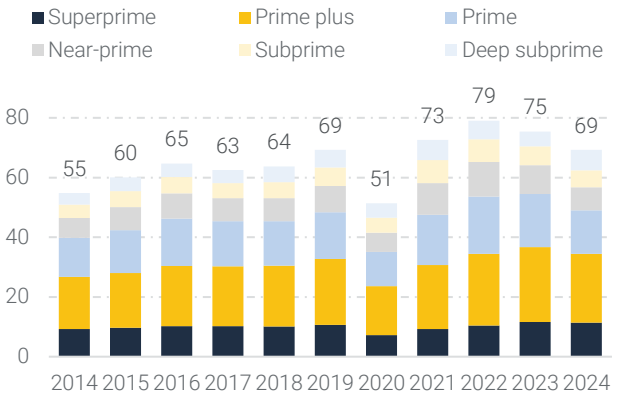
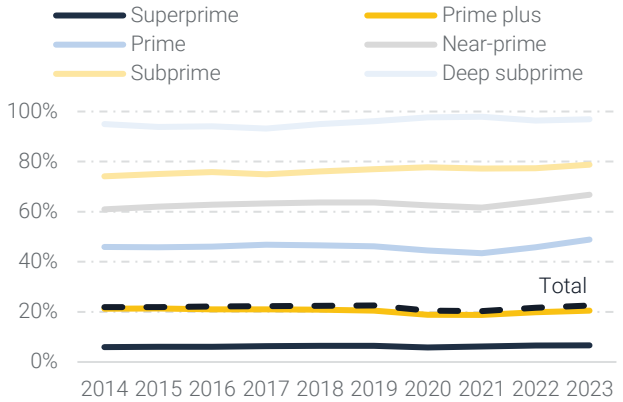


Fig. 53: Avg. Utilization Rate by Credit Score Tier



Credit card credit quality has largely normalized from the recent benign levels observed during the past years, with transition into 90+ day delinquency rates rising back toward high levels across all age cohorts. The normalization has been most pronounced among younger borrowers, particularly those aged 18-29, who continue to exhibit the highest transition into NPLs among the age cohorts. In response, lenders have materially repriced credit card products, pushing APRs on new accounts higher across virtually all score tiers rather than targeting only lower-quality borrowers. As a result, all-in yields have climbed to record levels, suggesting issuers have used broad-based pricing actions to offset higher funding costs and the normalization in credit losses.

Fig. 54: US CC Transition into NPL 90+



Fig. 55: US CC Transition into NPL 90+ by Age

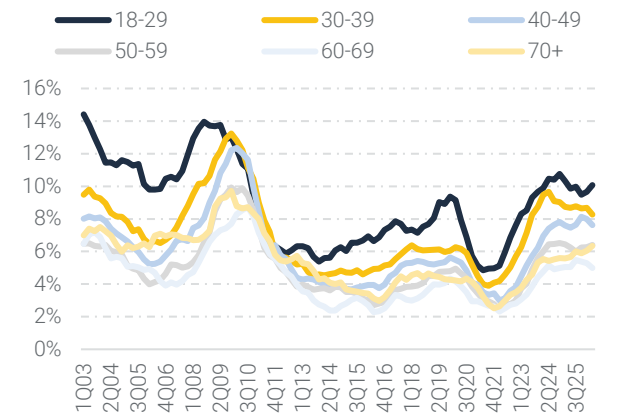
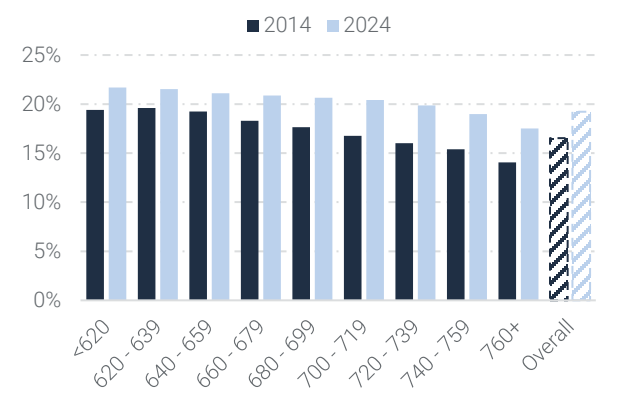


Fig. 56: Total US CC All-in Yield



Fig. 57: APR Mg. on New Accounts by Score Tier



Looking beyond aggregate trends, the distribution of balances across credit tiers provides a clearer view of where the economic value of the U.S. card market resides for new entrants like Nubank. The utilization profile across the U.S. card market suggests that revenue opportunity for new entrants is concentrated in the middle of the credit spectrum. While subprime consumers exhibit the highest utilization rates (~84%), their relatively small credit lines (~$1.9k) limit overall balances. Conversely, super-prime customers have access to substantially larger lines (~$13.6k) but utilize only a small portion of available credit (~10%). As a result, outstanding balances peak in the near-prime and prime segments, at ~$9.5k-9.8k per borrower. In our view, this highlights the "credit middle" as the most economically relevant segment of the market for a neobank like Nu, combining sizeable balances with further room for wallet-share expansion.

Fig. 58: Utilization of Bankcard Lines (%)

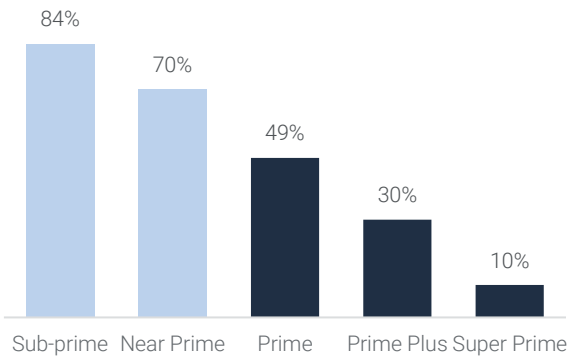
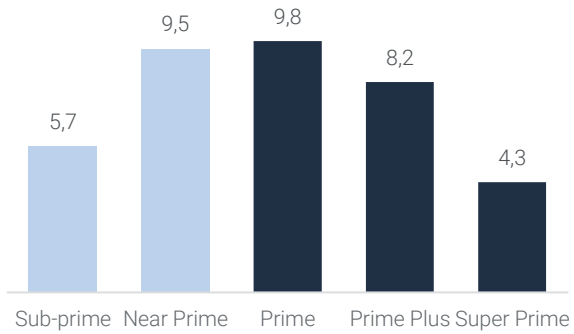


Fig. 59: Avg. Bankcard Balance per Borrower ($ k)



Losses are substantially more concentrated than balances across the risk spectrum. Of the $17.3 bn of bankcard balances entering charge-off in 2Q26, subprime borrowers accounted for 82% of losses despite representing less than 10% of outstanding balances. Delinquency trends follow a similar pattern, with 22.2% of subprime accounts at least 30 days past due and 10.9% at least 90 days past due. That said, it is important to note that customers migrate into lower score bands as credit performance deteriorates, so part of the apparent loss concentration in the subprime segment reflects score migration and classification effects, making these statistics not directly comparable to issuer-reported vintage loss curves.

Fig. 60: Share of Bankcard Balances and Balances Entering Charge-off (2Q26)

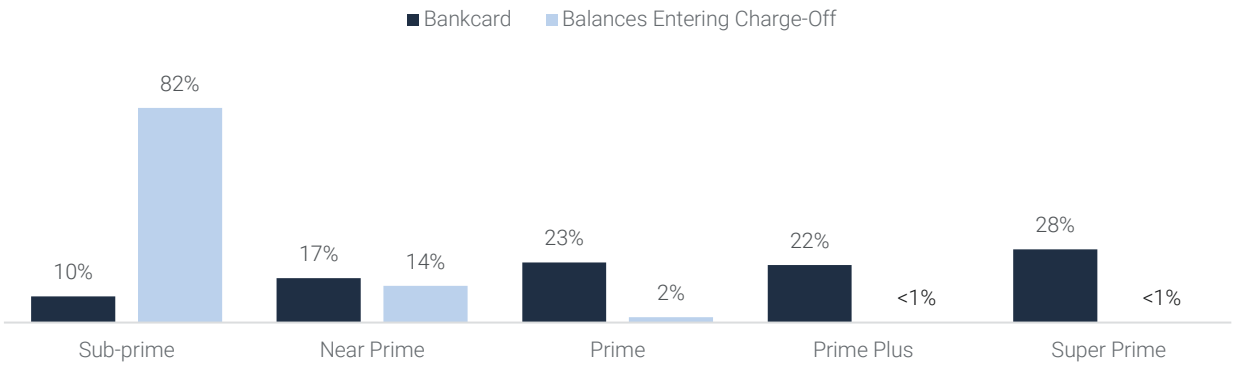
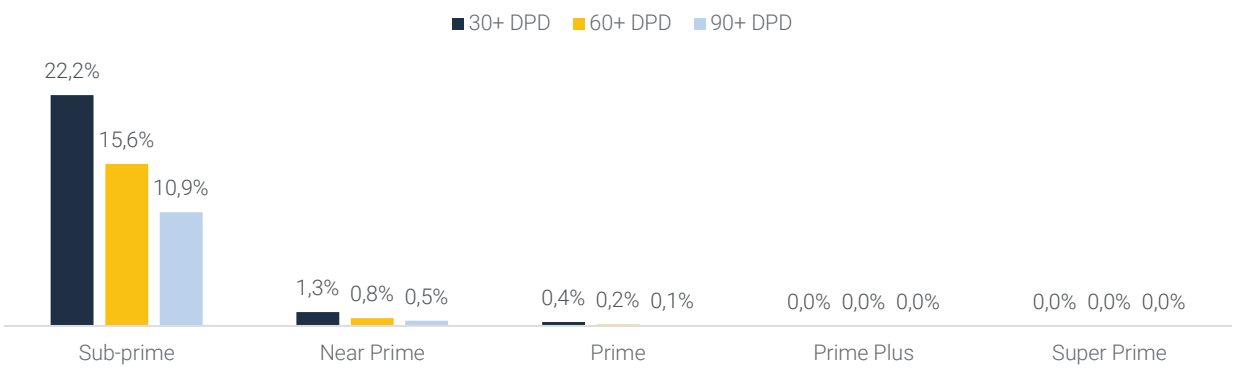


Fig. 61: Bankcard Account Delinquency Rates by Score



Viewed through the risk spectrum, the U.S. card market appears particularly attractive in the subprime up to prime segments, where revenue pools expand meaningfully in parallel with significantly lower approval rates. While near-prime, subprime and deep-subprime consumers account for only 24% of cardholders, they generate 44% of industry revenues, reflecting higher yields, stronger revolving behavior and elevated utilization levels. Interestingly, near-prime consumers stand out as a potential sweet spot, generating the highest revenue per cardholder in the industry while exhibiting lower utilization than subprime cohorts. At the same time, rejection rates rise sharply from 44% in prime to nearly 70% in near-prime and over 87% in subprime, suggesting that supply constraints, rather than lack of demand, limit credit penetration.

This dynamic has historically created room for specialized issuers, with smaller players holding a disproportionate share of balances in lower-score segments. Taken together, the data point to a sizable underserved population with strong demand for credit and attractive unit economics.

Fig. 62: Applications Rejected by Tier

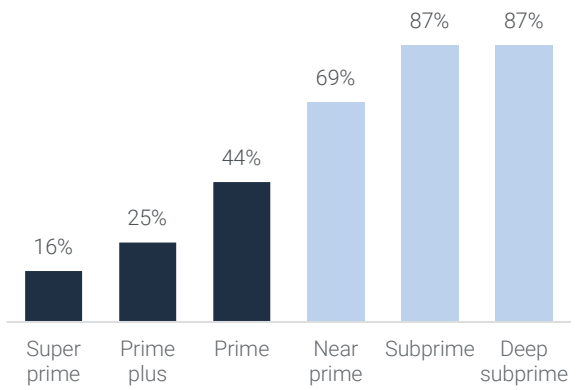


Fig. 63: # of Cardholders by Revenue and Utilization

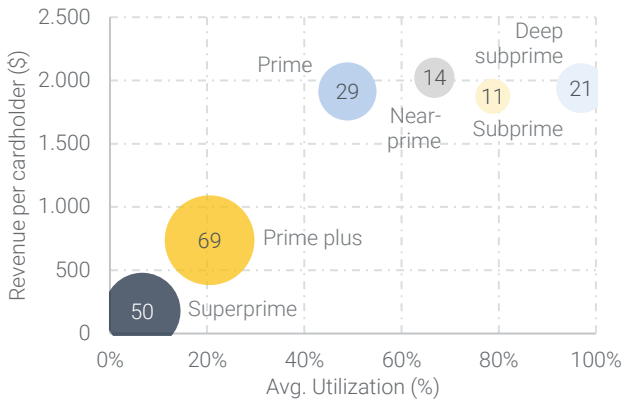
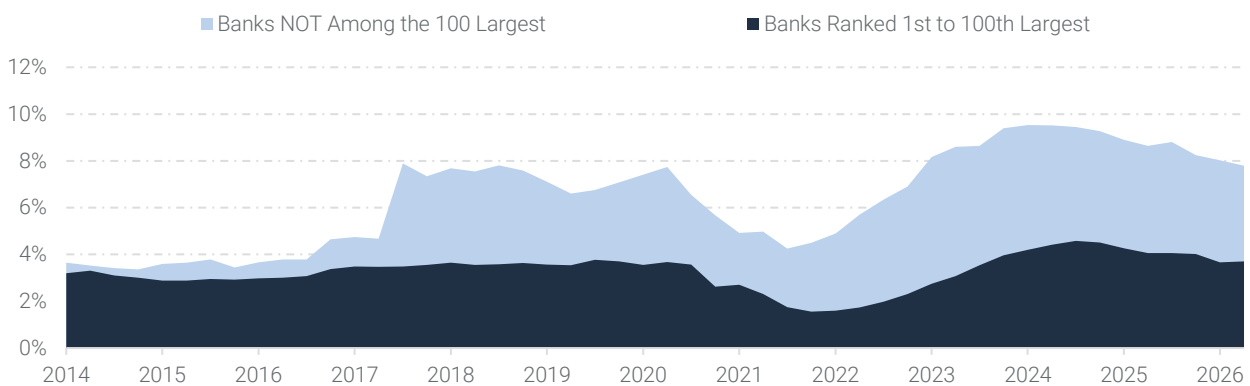


Fig. 64: The Filters Nu's Model Needs by Score

Filter	Superprime	Prime plus	Prime	Near-prime	Subprime	Deep subprime
Revenue per cardholder ($/year)	178	737	1,913	2,022	1,875	1,940
Revenue yield on balances	7.0%	14.5%	21.9%	27.0%	31.5%	35.4%
Applications rejected	15.9%	24.5%	43.5%	68.5%	87.1%	87.1%
Balances at issuers under $100bn	5.1%	32.4%	26.9%	34.3%	67.4%	67.4%
Unused credit line	93.4%	79.5%	51.1%	33.2%	21.2%	3.1%
Credit line per cardholder, US$	41,654	29,335	22,068	12,524	8,121	5,696
Payment rate	102.8%	39.5%	15.3%	12.0%	10.9%	8.1%

Fig. 65: Card Charge-off Rate by Issuer Size



We highlight that this segment is not entirely underserved, as several fintechs, many of them monoline card issuers, already target these customers through niche, fee-driven business models built largely on bureau data. The companies focus on below-prime customers, using annual fees, late fees, paid credit-line increases and high APRs to generate attractive economics. The first year serves largely as a filtering period, while profitability accelerates from year two as weaker customers roll off, annual fees step up and line increases drive higher balances. Importantly, high utilization in the segment is partly a product of issuer strategy: limits start small, are expanded gradually through paid line increases, and are often complemented by a second card once the original line reaches its ceiling. We believe Nu can serve the subprime-to-prime customer without fees, letting underwriting and cost efficiency rather than a fee stack carry the price of risk.

Fig. 66: Anatomy of a Fee-led Subprime Card Vintage

Acquire (M0)

- Prescreened mail and Credit Karma
- ~1% approval on c.10mn leads a month
- Knock-outs: bankruptcy, write-off, OFAC, fraud
- FICO × internal score → grades A–D

Cost: CAC target US$40–45 (secured card)

Onboard (M1)

- US$300 starting line
- US$75 annual fee charged to the line → ~US$225 to spend
- APR ~30%
- 1% cashback (US$4–5 a year)

Revenue: the annual fee leads (M1–3)

Year 1: the filter

- Balances revolve
- 4–5 late fees pa
- In general, no line increase before M6
- ~25 of 100 accounts leave by M12

Revenue: interest from M4–5, plus late fees

Year 2: monetise

- Annual fee steps up to US$99–100
- 3-5 monthly CLI offers: +US$100–200 for US$10 to US$20
- ~30% take them up; grades A–D set line and price
- Second card for top performers

Revenue: fee step-up and CLI fees

Fig. 67: Credit Limits, Balances and Utilization by Score Segment

Credit Score Segment	Avg. Credit Line at Account Opening		Avg. Current Credit Line	Avg. Balance per Account	Credit Line Utilization
Deep subprime	771	+180%	2,165	2,112	97.6%
Subprime	1,480	+73%	2,571	2,057	80.0%
Near-prime	2,565	+29%	3,309	2,230	67.4%
Prime	4,593	+26%	5,795	2,885	49.8%
Superprime	11,473	+15%	13,198	874	6.6%

Fig. 68: Two Ways to Price the Same Customer

Fee-led specialist (bureau-only)	The lever	Nu: fee-free and data-led
Bureau file only, lagging by 30+ days; no income, balances, BNPL or wage advances	Data	Bureau plus first-party cash flows from the Nu Account; models updated every 1–2 weeks
The average risk of a grade (A–D)	Pricing unit	The individual, with room to find the creditworthy customer inside a thin or subprime file
The fee stack: annual fee, late fees, paid line increases	What absorbs risk	Selection: fewer losses, rather than fees to offset them
Card-only cost base; no retail deposit relationship	Cost and funding	Cost to serve ~US$1 a month; insured deposits once Nubank, N.A. opens

Source: CFPB, Company and XP Research.

In this context, the data suggest Nubank's opportunity is concentrated not in competing with large incumbent issuers, but in addressing underserved segments that remain heavily concentrated among smaller players. Issuers with less than US$100 bn in assets account for just ~5% of super-prime balances but ~67% of subprime and deep-subprime balances, representing a US$347 bn addressable market, including US$157 bn of below-prime balances that generate roughly US$51 bn of annual revenue.

Equally important, incumbents reject ~69% of near-prime applications and ~87% of subprime and deep-subprime applications, highlighting a sizable pool of unmet demand. **If Nubank's proprietary underwriting capabilities can indeed outperform traditional bureau-based models, this is likely where the advantage would be most relevant.** That said, realizing this opportunity would require acquiring sufficient customer primacy to support the development of proprietary credit models, a process whose timing and effectiveness remain uncertain in such a competitive market.

Fig. 69: Overview of Selected Metrics by US Credit Scores (2024)

Tier	Band	Cardholders	Balances	Revenue	Rev / holder	Approval	Utilization	At issuers <US$100 bn
Superprime	800+	50.5 mn	$129 bn	$9.0 bn	$178	84%	7%	5%
Prime plus	720-799	69.3 mn	$353 bn	$51.1 bn	$737	75%	20%	32%
Prime	660-719	29.1 mn	$255 bn	$55.7 bn	$1,913	57%	49%	27%
Near-prime	620-659	14.0 mn	$105 bn	$28.3 bn	$2,022	31%	67%	34%
Subprime	580-619	10.6 mn	$63 bn	$19.9 bn	$1,875	13%	79%	67%
Deep subprime	<=579	21.3 mn	$117 bn	$41.4 bn	$1,940	13%	97%	67%

Fig. 70: Revenue per Cardholder by Score

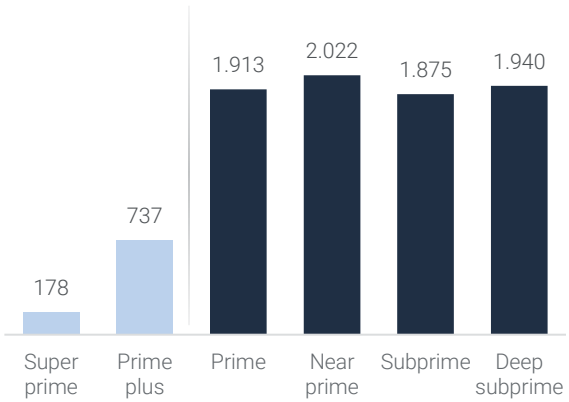


Fig. 71: Revenue Yield on Balances by Score

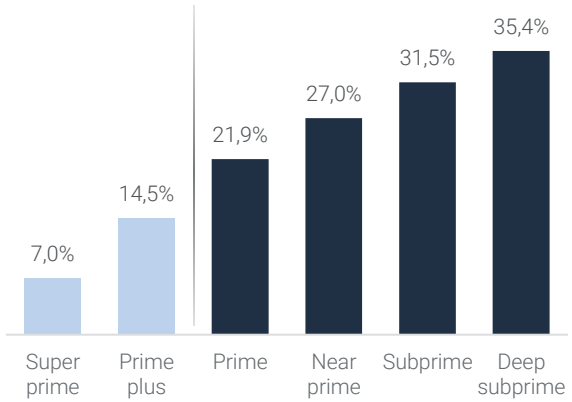


Fig. 72: Balances Sit by Issuer Score ($ bn)

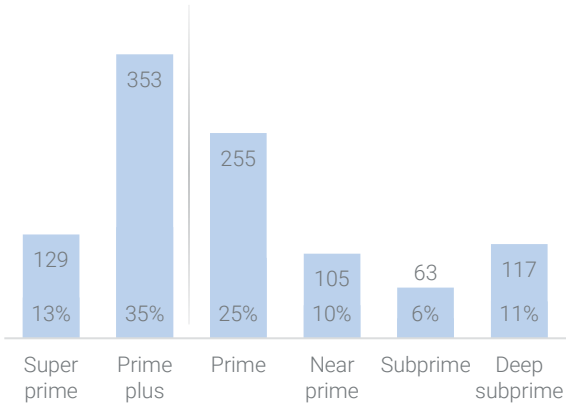
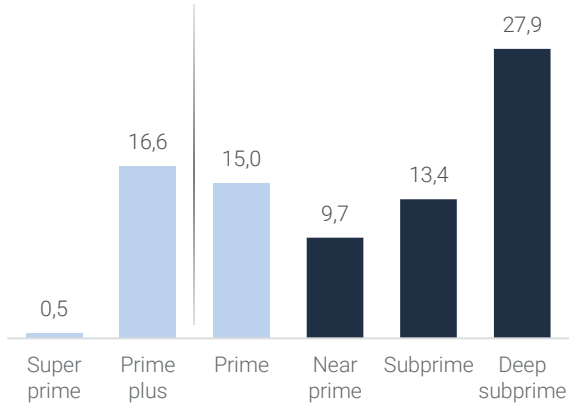


Fig. 73: Revenue Carried by that Book ($ bn)



This leads to what we view as the central investment debate surrounding Nu's U.S. expansion: not how many customers the company can attract, but which segments it can successfully underwrite while maintaining acceptable risk-adjusted returns. The opportunity appears concentrated below prime, where application rejection rates exceed 85%, unused credit availability falls to just 3-21%, and small issuers account for ~2/3 of balances, suggesting meaningful underwriting frictions and limited competition from large incumbents. At the same time, these cohorts generate the highest revenue yields in the market (31-35%), making them disproportionately attractive despite representing a relatively small share of total balances.

Our analysis suggests that capturing fewer than 10 mn customers at a 50% capture ratio in below-prime segments could generate revenue equivalent to more than 50% of Nu's current group revenue, whereas a strategy concentrated in prime-plus and superprime customers would require a substantially larger customer base to achieve a similar impact. The trade-off, however, is that these segments also carry materially higher credit risk. **As such, the size of the opportunity is ultimately matched by the underwriting challenge, making execution and risk selection far more important than customer acquisition alone.**

Fig. 74: The Contestable Book, by Tier (2024)

Tier	Balances US$bn	% at issuers under US$100bn	Contestable balances US$bn	Revenue yield	Contestable revenue US$bn	Applications rejected	Unused credit line
Superprime	129	5.1%	7	7.0%	1	15.9%	93.4%
Prime plus	353	32.4%	114	14.5%	17	24.5%	79.5%
Prime	255	26.9%	69	21.9%	15	43.5%	51.1%
Near-prime	105	34.3%	36	27.0%	10	68.5%	33.2%
Subprime	63	67.4%	43	31.5%	13	87.1%	21.2%
Deep subprime	117	67.4%	79	35.4%	28	87.1%	3.1%
Total	**1,022**	**33.9%**	**347**		**83**		
below prime	*285*		*157*		*51*		

Fig. 75: Incremental Nu US Revenue by Customer Count and Credit Mix, at 50% Capture (2Q26 LTM)[1]

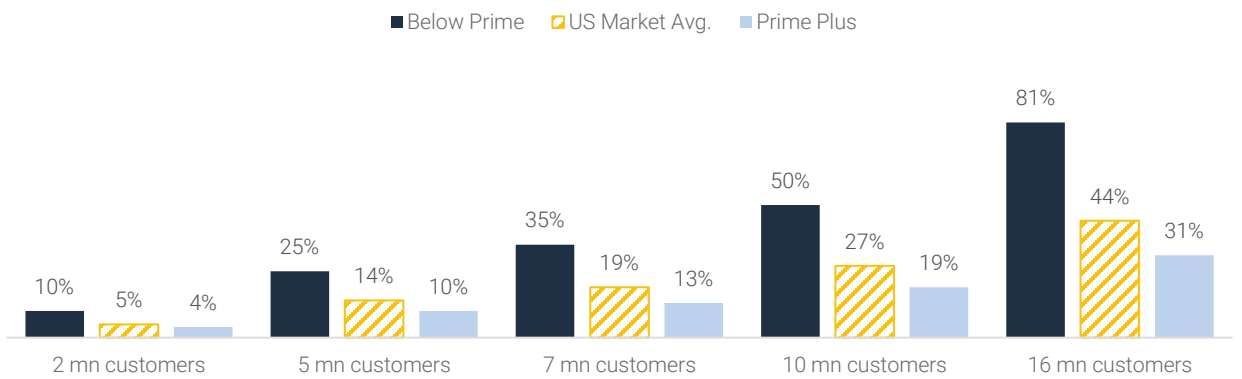


Fig. 76: Incremental US Revenue, $ mn and as a Share of Nu 2Q26 LTM Group Revenue

Credit mix	Revenue per cardholder (US$)	2 mn customers	5 mn customers	7 mn customers	10 mn customers	16 mn customers
Below prime	1,950	1,950	4,875	6,825	9,749	15,599
		10%	25%	35%	50%	81%
Prime	1,913	1,913	4,784	6,697	9,567	15,307
		10%	25%	35%	50%	79%
US market average	**1,054**	**1,054**	**2,635**	**3,689**	**5,269**	**8,431**
		6%	**14%**	**19%**	**27%**	**44%**
Prime plus	737	737	1,844	2,581	3,687	5,900
		4%	10%	13%	19%	31%
Superprime	178	178	444	622	889	1,422
		1%	2%	3%	5%	7%

 Source: CFPB, Company and XP Research. Notes: [1] Cardholders × Revenue per Cardholder by Risk Tier × 50% Capture Rate.

A Play on Operating Leverage

Scale and efficiency could drive returns

Finally, a key question in evaluating Nubank's US opportunity is determining the appropriate profitability benchmark. At first glance, comparisons between Nubank's 8.9% Brazilian card cohort ROA and the roughly 7% pre-tax ROA generated by revolving US card issuers may suggest limited upside. However, the profitability bridge indicates that these returns are achieved through different economic models. As illustrated in the margin breakdown, Nu's Brazilian CC operation generates a substantially higher gross spread. Part of this benefit, however, is offset by higher credit costs (-16.6% vs. -6.8%). The result is a net card margin of 19.9% for Nubank, compared with 13.0% in the US market.

The funding component is particularly important when assessing transferability to the US. While Nubank benefits from exceptionally low funding costs in Brazil, US card receivables are predominantly financed through deposits, and Nubank's checking account currently offers a 3.5% APY. As a result, replicating Brazil's funding advantage abroad appears challenging in the short-term. Consequently, the more relevant benchmark for a future US card operation is the return profile observed among US credit-card borrowers with similar risk characteristics. As shown below, revolving-card ROAs increase from ~5% among prime borrowers (FICO 760+) to 6.8%-10.7% for customers with FICO scores between 620 and 700, broadly consistent with the credit-middle segments Nubank appears to be targeting.

The sensitivity analysis highlights the role of ER. Reductions in operating expenses can materially enhance profitability, with ROAs potentially rising 13-46% higher across the FICO spectrum under more efficient operating structures. In our view, Nubank's ability to outperform incumbent US issuers will depend less on funding advantages and more on leveraging its digital operating model to serve the credit-middle segment more efficiently. While a US card ROA above industry averages appears achievable, sustainably exceeding the 7% threshold will likely require operational efficiency rather than balance-sheet arbitrage.

Fig. 77: Breakdown of Net CC Mg. – US Market

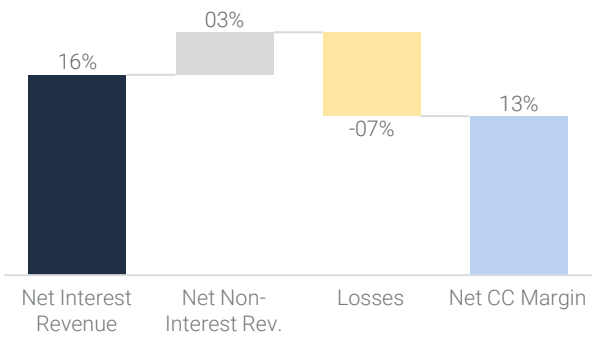


Fig. 78: Breakdown of Net CC Mg. – Nubank

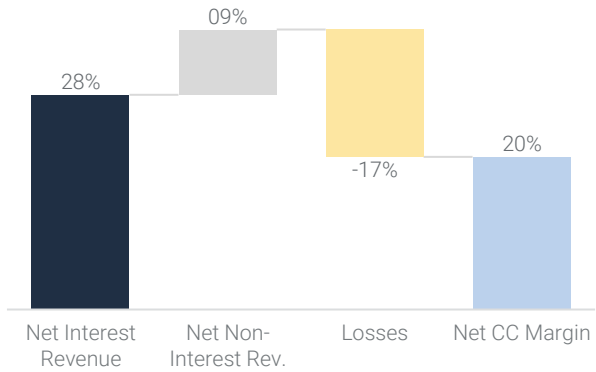


Fig. 79: US Revolver ROA by FICO Score (%)

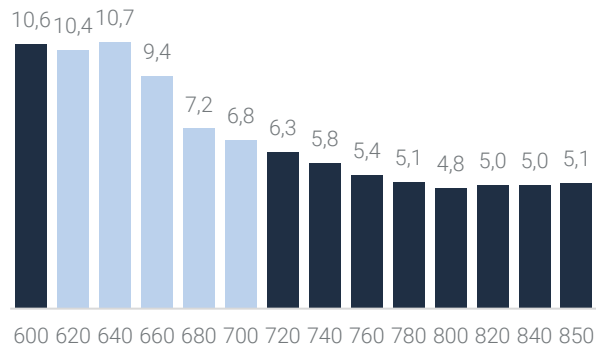


Fig. 80: US Revolver ROA – OpEx Savings Sensitivity

FICO Score	OpEx Savings	
	25%	50%
620	15%	30%
640	13%	26%
660	14%	28%
680	17%	34%
700	18%	36%
720	19%	37%
760	21%	42%
800	23%	46%

Nubank

The Competitive Set

The Competitive Set

A broad ecosystem with multiple paths to scale and profitability

The U.S. peers most often cited as Nubank comparables each match only one dimension of the story. We view Robinhood, Capital One and Chime as benchmarks for the account and bundle strategy, Synchrony for cards, Block for short-term credit, Wise, Remitly and Western Union for remittances, Venmo, Cash App and Zelle for P2P, and SoFi, Dave and Revolut for scale, unit economics and profitability trajectories. The peer group underscores the depth and competitiveness of the U.S. ecosystem, where companies with markedly different strategies have been able to build meaningful and profitable franchises.

Fig. 81: Overview of Selected Companies

Nu Holdings
Founded 2013; Brazil | NYSE: NU | US launch Sep'26

Brazil-founded digital bank with a credit-card-led and in-house underwriting.

= The reference

Customers 131mn
Revenue US$15.8bn
EBT US$3.9bn

Robinhood
Founded 2013; US | NASDAQ: HOOD

US retail brokerage that has broadened into retirement, banking and cards.

~ Bundle

Funded cust. 27.0mn
Revenue US$4.5bn
EBT US$2.1bn

Chime Financial
Founded 2012; US | NASDAQ: CHYM

US neobank offering fee-free checking, debit and earned-wage access through partner banks.

~ Bundle; model

Active mbrs 9.5mn
Revenue US$2.2bn
EBT US$(1.0)bn

Capital One
Founded 1994; US | NYSE: COF | Discover since May-25

US bank holding company and one of the largest US credit card issuer.

~ Bundle; incumbent

Customers n.d.
Revenue US$69.3bn
EBT US$2.3bn

Synchrony
Roots 1932; IPO 2014 | NYSE: SYF

US consumer finance bank issuing private-label and co-brand cards.

~ Cards

Active accts 68.9mn
Net revenue US$15.0bn
EBT US$4.6bn

Block (Cash App)
Founded 2009; US | NYSE: XYZ

US fintech running the Square merchant and Cash App transacting activities.

~ Short-term credit; P2P

Monthly actives 59mn
Revenue US$24.2bn
EBT US$1.7bn

Remitly
Founded 2011; US | NASDAQ: RELY

Seattle-based digital remittance provider.

~ Remittances

Qtr. actives 9.3mn
Revenue US$1.6bn
EBT US$72mn

Wise
Founded 2011; UK | NASDAQ: WSE since May-26

UK-founded cross-border accounts.

~ Remittances

Active cust. 18.9mn
Net revenue US$2.5bn
EBT US$0.7bn

Western Union
Founded 1851; US | NYSE: WU

US money-transfer incumbent with a global agent network.

~ Remittances

Transfers 286mn
Revenue US$4.1bn
EBT US$0.6bn

PayPal (Venmo)
PayPal founded 1999; US | NASDAQ: PYPL

US digital payments company.

~ P2P

Active accts 439mn
Revenue US$33.2bn
EBT US$6.3bn

Zelle (Early Warning)
Live 2017; US | private, owned by seven banks

Bank-owned US real-time P2P network.

~ P2P

Accts, Dec-25 100mn
Sent, 2025 US$1.2tn
EBT n.d.

SoFi Technologies
Founded 2011; US | NASDAQ: SOFI | charter Feb'22

US digital bank that offers personal, student and home loans.

~ Trajectory

Members 13.7mn
Revenue US$4.8bn
EBT US$0.5bn

Dave Inc
Founded 2017; US | NASDAQ: DAVE

US neobank offering ExtraCash advances, underwritten by its CashAI cash-flow model.

~ Unit economics

MTMs 2.9mn
Revenue US$0.6bn
EBT US$0.2bn

Revolut
Founded 2015; UK | private

UK-founded, privately held global financial app.

~ Scale; charter

Customers 68.3mn
Revenue US$5.9bn
EBT US$2.3bn

Source: Companies and XP Research.

The peer group suggests that different business models can operate with a relatively modest customer base, though building a profitable franchise often takes time. While fintechs already account for a growing share of lending originations (45% in 1Q26 versus 27% in 1Q23) and generate materially higher ARPACs than Nubank today, most of these players operate far smaller franchises, with customer bases ranging from 3mn to ~30mn vs. Nu's ~131mn (2025). However, most of these players operate with higher cost-to-serve levels, suggesting that Nu's ARPAC-to-CTS ratio is comparatively more attractive and could support a profitable U.S. operation if successfully replicated. Moreover, several of these companies have demonstrated that a profitable lending franchises can be built without achieving mass-market scale, suggesting the addressable profit pool is meaningful even with a relatively modest customer base. That said, the peer group also highlights the challenges of the market, with profitability often taking 6-14 years to achieve.

Fig. 82: Fintech Share of Originations (Count)

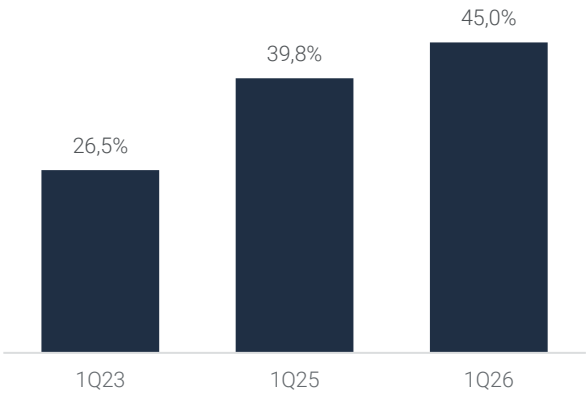


Fig. 83: Originations by Lender Type (1Q26)

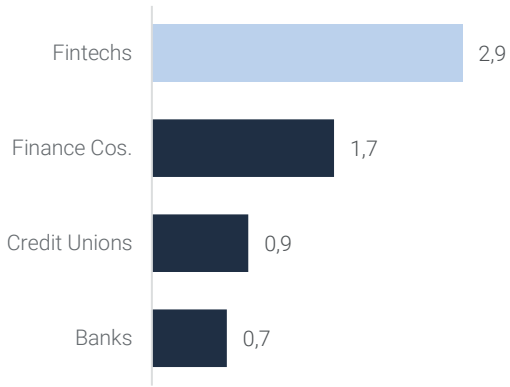


Fig. 84: Breakdown of Revenue's Related Product

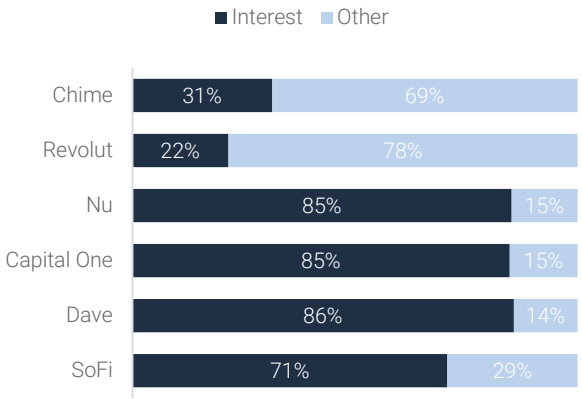


Fig. 85: # of Years from Founding to Profitability

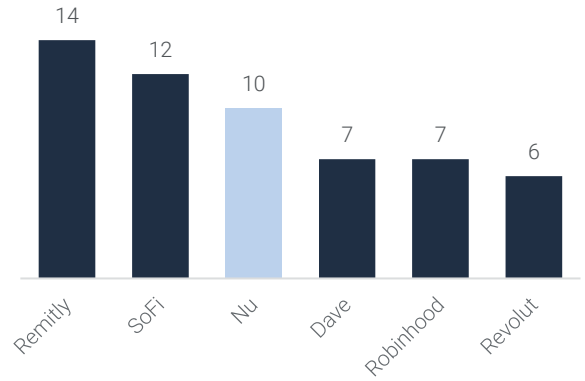


Fig. 86: # of Clients per Selected Companies (mn)

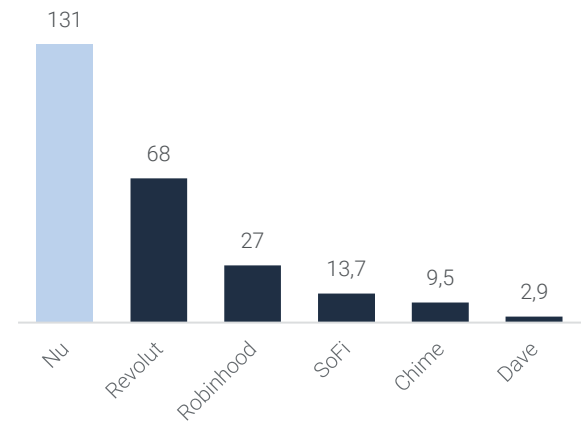
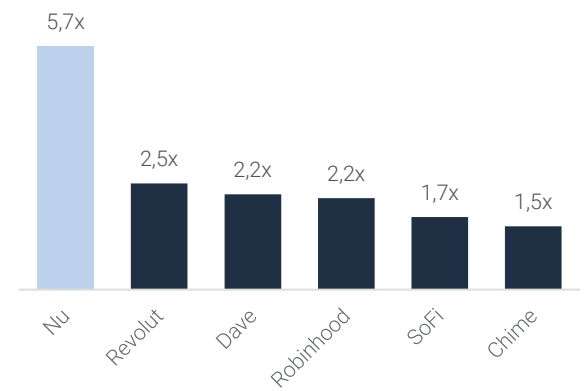


Fig. 87: ARPAC vs. CTS Comparison



The product suite highlights that Nu is entering the U.S. with a proposition centered on everyday banking and card engagement. The account offers a competitive 3.50% APY with no minimum balance or monthly fees, while the 4.50% bundled tier rewards customer activity through card usage rather than the direct-deposit requirements commonly seen across the market. The package is complemented by a no-fee credit card with cashback, free domestic and international transfers, and the broader Nu Global ecosystem, which extends similar features across multiple countries and currencies.

Fig. 88: Nu US and Nu Global Proposition Summary

Element	Terms
Nu Account	3.50% APY, daily interest, no minimum, no monthly fee
Bundle tier	4.50% APY on up to US$10,000, requires the card plus 3 or more card transactions in 34 days (launching soon)
Card	No annual fee, 1.5% unlimited cash back (up to 2% Qualifying, coming soon)
Transfers	Fee-free domestic and international transfers
Who holds the money	Deposits are held at FDIC-insured Lead Bank under a partner-bank arrangement
Nu Global	3.50% APY in USDC and 2.20% in EURC, 35+ countries, virtual card, BTC/ETH

While several peers condition enhanced yields on direct-deposit thresholds, minimum balances or paid memberships, Nubank's 4.50% APY requires only account ownership, an active card and three eligible purchases over the last 34 days. This structure places Nu among the highest-yielding offerings in the market, trailing only SoFi Plus and ranking ahead of most incumbent and fintech peers. From a competitive standpoint, the proposition compares favorably not only vs. traditional savings products, but also against premium-tier offerings that typically demand significantly higher commitment from users. Overall, the design appears aimed at deepening customer activity and engagement while offering a top-tier return proposition.

Fig. 89: How Competitors Gate the Top-rate?

Company / product	Top APY	Cap on top rate	What it takes	Rank (top APY)
SoFi Plus	**4.70%**	US$20k (3.30% above)	Paid SoFi Plus membership	1
Nu — bundle (launching soon)	**4.50%**	US$10k (3.50% above)	Nu Account + Nu Credit Card with ≥3 eligible card purchases in the last 34 days	2
Chime — Prime	**4.00%**	None	≥US$3k of direct deposits in the last 34 days	3
Revolut — Metal	**4.00%**	US$10k of deposits (3.10% on other savings)	Metal plan	3
Varo	**3.75%**	US$5k (1.00% above)	≥US$800 of deposits in the month and positive month-end balances	5
Synchrony High Yield	**3.75%**	None	None	5
PayPal Savings	**3.75%**	None	PayPal Balance account	5
Robinhood Gold	**3.60%**	None	Robinhood Gold membership	8
Nu — Nu Account	**3.50%**	None	None	9
Cash App Savings	**3.50%**	None	Cash App Green: US$500/month card spend (or US$300/month paychecks)	9
Marcus	**3.50%**	None	None	9
Wise — Interest (USD)	**3.40%**	None	Opt-in	12
SoFi Checking & Savings	**3.30%**	None	Direct deposit or ≥US$5k of deposits every 31 days	—
Capital One 360 Performance	**3.20%**	None	None	13
Ally Bank	**3.20%**	None	None	13
Chime — Plus	**3.00%**	None	One direct deposit ≥US$200 or ≥US$400 cumulative in 34 days	—

Nubank

Financials

Financials

The flywheel keeps turning

Multiple engines, calibrated growth. We continue to see a strong runway for customer acquisition and loan book expansion, supported by Nu's diversified growth drivers across products and geographies, as discussed in our latest report (*link*). That said, given a more challenging macro backdrop, we believe the pace of expansion is likely to be somewhat more back-end loaded, with growth skewing more toward 2028 than 2027. Client additions should remain robust, with any moderation in Brazil increasingly offset by traction in other markets, particularly Mexico (US as an optionality in our model). On the lending side, cards should continue to anchor growth in the near term, but we expect secured lending and SME credit to gradually become more relevant contributors. We note that SME lending may take longer to scale given the challenging macro backdrop and the need to strengthen its value proposition for business customers, while secured lending should benefit more meaningfully from a lower-rate environment.

Fig. 90: Nu Customers Evolution (mn)

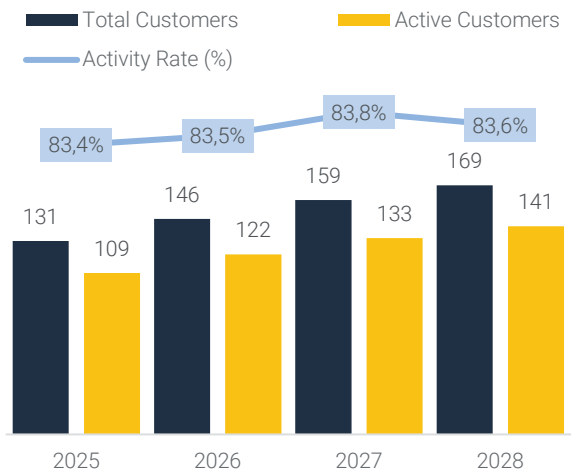
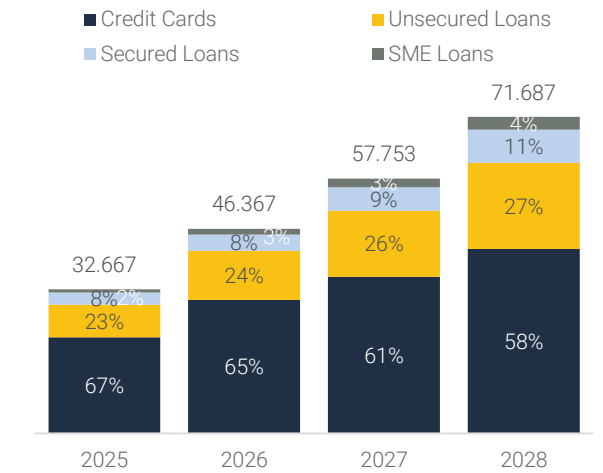


Fig. 91: Nu Portfolio Evolution ($ mn)



Healthier funding, higher NIMs. The main change in our estimates is a more constructive NIM outlook, reflecting a lower cost of funding following the bank's recent liability-management initiatives. While we continue to expect some pressure on lending spreads as secured products become more relevant and competition remains intense, we now see funding costs as a more meaningful profitability tailwind, supporting higher NIMs. That said, the sustainability of this improvement could be partially influenced by the evolution of Nu's international strategy, depending on the funding and balance-sheet structure adopted as the operation scales.

Fig. 92: Nu Deposits and Cost of Funding ($ mn)

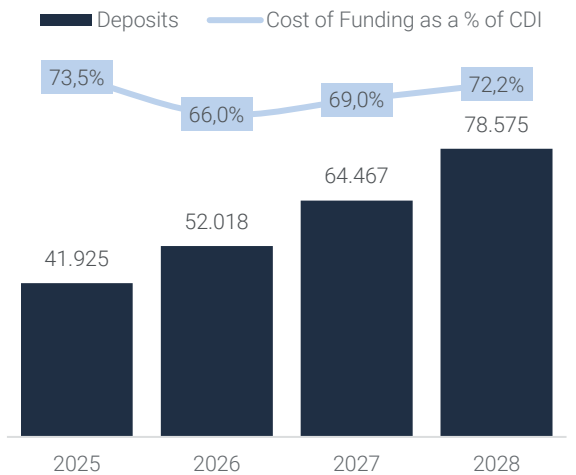
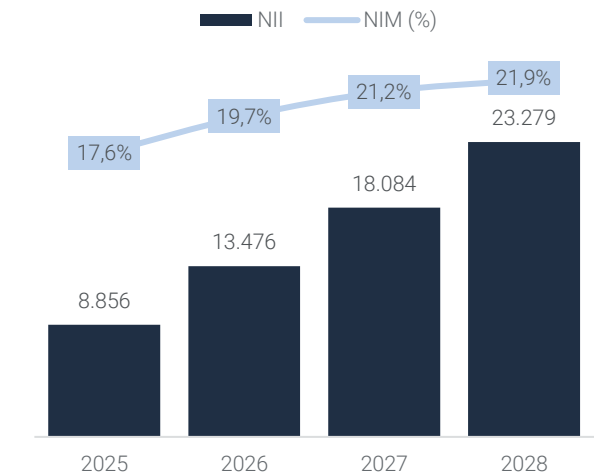


Fig. 93: Nu NII and NIM Evolution ($ mn)



Investing today to scale tomorrow. Our updated forecasts continue to point to strong earnings growth and sustained profitability, supported by a combination of expanding risk-adjusted revenues and continued operating leverage over the medium term. The new figures reinforce our view that recent pressures on cost of risk and expenses should be interpreted largely as investments ahead of growth rather than signs of structural deterioration. Unused credit limits increased from c.US$24.5 bn in 2Q25 to more than US$38 bn by 2Q26, supporting future transaction volumes and revenue generation, while risk-adjusted NII is projected to nearly double over the period, driving a gradual improvement in risk-adjusted NIM despite a persistently elevated CoR. At the same time, management appears willing to absorb near-term expense pressure from international expansion, AI investments and organizational scaling, with the efficiency ratio stabilizing below 20% (XP metrics) as revenues continue to grow faster than costs. As a result, we continue to expect earnings to compound at a healthy pace, reaching more than US$6 bn by 2028 while ROE remains around 30%, providing additional capital flexibility to support growth initiatives and future shareholder returns.

Fig. 94: Evolution of Nu Unused Limits ($ mn)

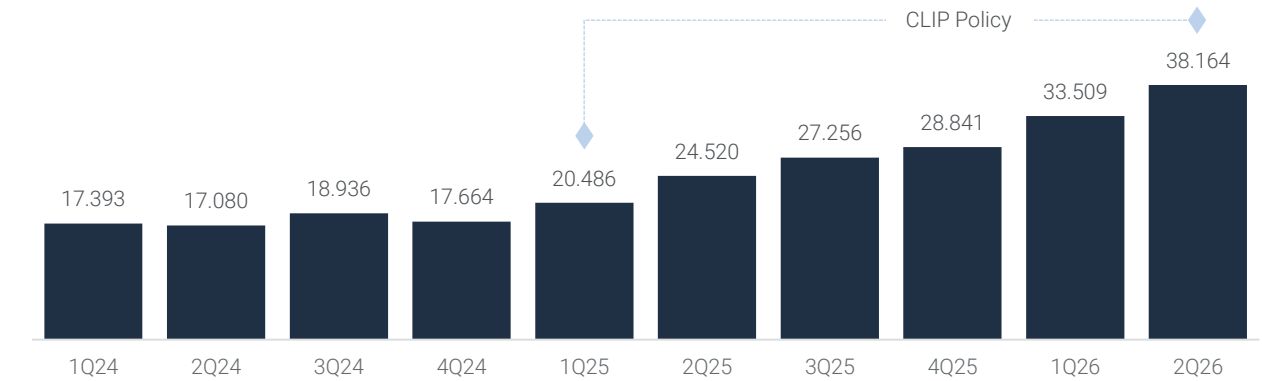


Fig. 95: Nu ECL and Cost of Risk ($ mn)

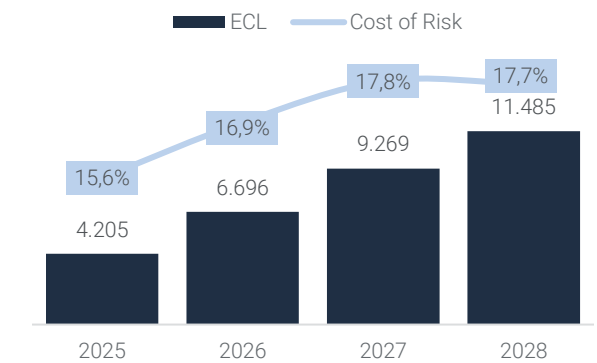


Fig. 96: Risk Adj. NII and NIM Evolution ($ mn)

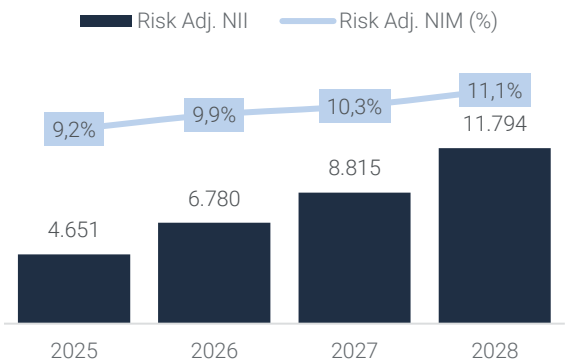


Fig. 97: Nu Expenses and ER ($ mn)

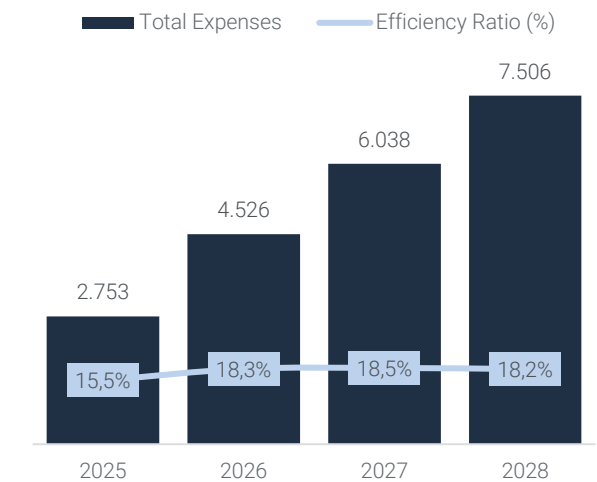
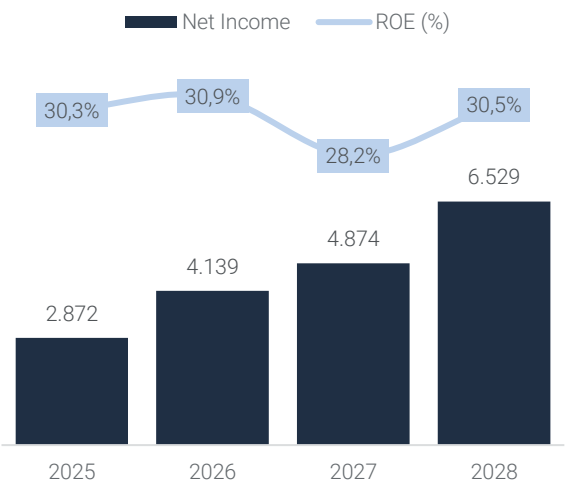


Fig. 98: Nu Net Income and ROE ($ mn)



Nubank

Valuation

Valuation

Our valuation implies an upside of ~44%

Valuation. Our 2027YE DDM-based TP of $17.0 per share presents an upside of ~44% vs. current prices, with roughly 60% of it valued at its perpetuity. We use a Dividend Discount Model (DDM) valuation approach, where our main assumptions include: (i) 4.3% risk-free rate and (ii) beta at 1.2, implying a cost of equity (Ke) of 15.0%.

We see an attractive entry point. As shown below, some factors give us confidence to initiate a position at current levels: (i) a recent ~30% YTD decline in the share price; (ii) one of the most attractive PEG ratios in our coverage universe; and (iii) P/E and P/B multiples at historical lows.

Fig. 99: Nu x EWZ x NYSE Performance (Basis 100)

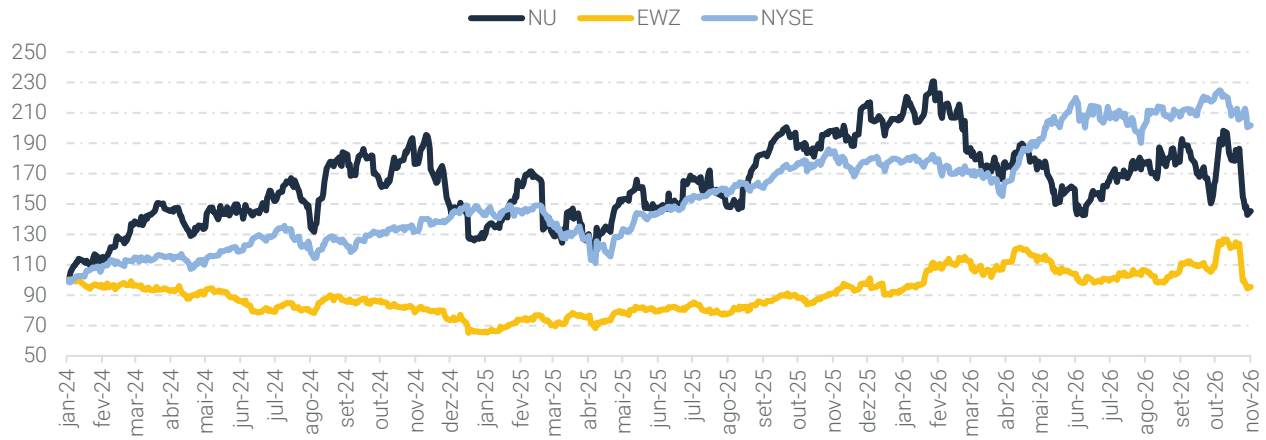


Fig. 100: P/E 27 Multiples vs. ROE 27 (x; %)

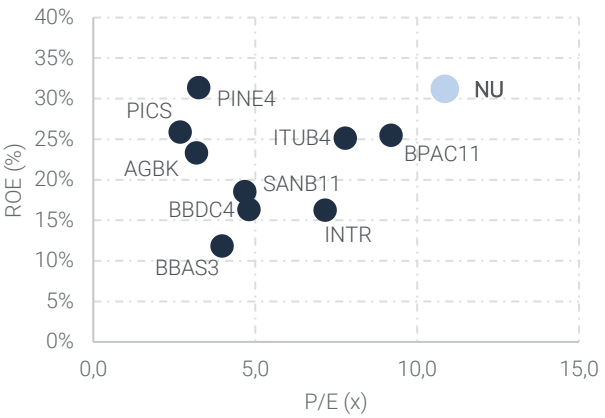


Fig. 101: PEG 27 Multiples vs. ROE 27 (x; %)

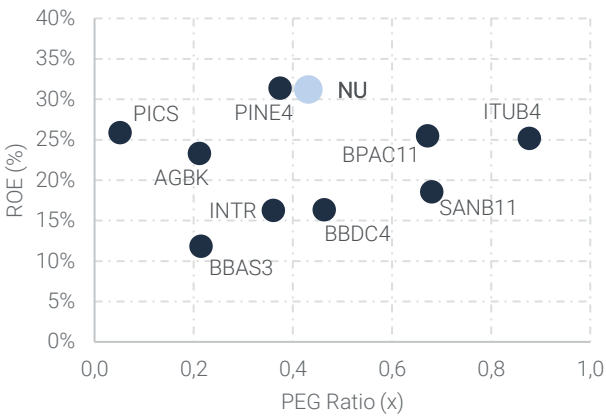


Fig. 102: Historical Nu P/E FY (x)

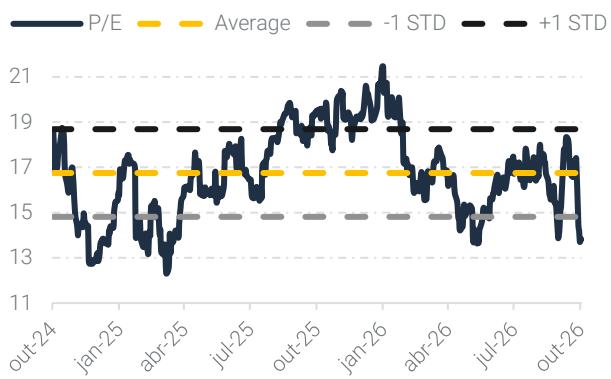
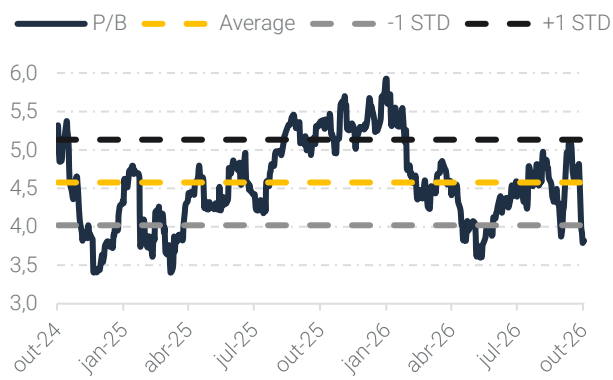


Fig. 103: Historical Nu P/B FY (x)



Valuation Comparison

Selloff creates opportunity

Fig. 104: Stock Performance Analysis ($)

Companies	Mkt Cap.	Last Week	Last 30 Days	2026 (YTD)	Oct-26	Sep-26	Aug-26	Jul-26	2025
Nyse		1%	3%	10%	3%	-4%	1%	1%	15%
LatAm									
Nubank	57,120	-23%	-14%	-31%	-8%	-13%	2%	7%	62%
Itau	83,858	-27%	-17%	1%	-17%	12%	-10%	3%	85%
Santander	16,690	-20%	-17%	-24%	-20%	-3%	1%	11%	73%
Bradesco	27,645	-38%	-30%	-18%	-27%	8%	-8%	6%	99%
Inter	1,770	-44%	-27%	-53%	-25%	-1%	-3%	3%	101%
Mercado Libre	82,358	-10%	-4%	-19%	-6%	-11%	3%	11%	18%
Stone	1,787	-32%	-19%	-37%	-17%	-4%	-15%	5%	86%
PagSeguro	2,219	-31%	-12%	-17%	-11%	-1%	-6%	7%	58%
US									
SoFi	21,731	15%	6%	-36%	7%	-12%	10%	-9%	70%
Lending Club	1,789	10%	1%	-18%	5%	-16%	-8%	-8%	17%
Upstart	2,240	-3%	1%	-47%	0%	-20%	5%	-23%	-29%
Robinhood	76,533	-11%	-25%	-25%	-24%	7%	21%	-14%	204%
Capital One	123,217	2%	5%	-15%	6%	-10%	3%	4%	36%
Block	45,793	0%	3%	17%	4%	-10%	1%	7%	-23%
PayPal	47,356	0%	8%	-2%	9%	0%	-8%	32%	-32%
WU	1,921	-3%	3%	-34%	4%	-18%	13%	-17%	-12%
Remitly	5,112	-3%	11%	75%	13%	-20%	17%	2%	-39%
Synchrony	23,464	2%	5%	-10%	6%	-8%	2%	0%	28%
Dave	4,041	-11%	-9%	43%	-1%	-11%	-4%	0%	155%
Europe									
Wise	10,844	-2%	-4%	-10%	-6%	-13%	10%	0%	-10%
Adyen	29,296	-13%	-5%	-43%	-7%	-18%	20%	8%	9%
Asia									
KakaoBank	7,128	-1%	2%	-1%	2%	-8%	4%	13%	5%

Fig. 105: Relative Valuation Analysis – P/E 2027

Company	2016-24	Jun-26	Jul-26	Aug-26	Sep-26	Current	MoM	YTD	vs. Avg.
LatAm									
Nubank	26.1x	12.4x	13.6x	13.7x	13.2x	10.7x	-19%	-40%	-59%
Itau	8.9x	8.3x	8.9x	8.3x	8.9x	7.7x	-13%	-3%	-13%
Bradesco	8.0x	5.7x	6.0x	5.8x	6.2x	5.0x	-20%	-17%	-38%
Santander Brasil	10.0x	5.6x	5.7x	6.5x	6.8x	5.6x	-18%	-22%	-44%
Inter	12.8x	6.3x	6.2x	6.1x	6.1x	4.7x	-24%	-56%	-64%
Mercado Libre	56.8x	33.2x	36.4x	37.5x	36.1x	30.6x	-15%	-6%	-46%
Stone	30.2x	5.0x	5.0x	4.5x	4.4x	3.7x	-16%	-48%	-88%
PagSeguro	20.5x	4.9x	5.1x	5.0x	5.3x	4.7x	-12%	-18%	-77%
US									
SoFi Technologies	54.0x	22.3x	22.3x	22.8x	20.9x	19.0x	-9%	-55%	-65%
Lending Club	29.6x	8.9x	9.0x	8.5x	7.1x	6.6x	-8%	-43%	-78%
Upstart	34.4x	9.7x	9.3x	8.7x	7.0x	6.1x	-13%	-57%	-82%
Capital One	9.6x	9.4x	9.8x	10.2x	9.6x	9.2x	-3%	-23%	-4%
Block	49.9x	16.1x	17.3x	16.9x	15.7x	15.1x	-4%	-18%	-70%
PayPal	27.9x	8.0x	9.5x	10.9x	9.9x	10.0x	1%	0%	-64%
Western Union	10.1x	4.1x	4.5x	5.0x	4.6x	4.3x	-7%	-20%	-58%
Remitly	n.m.	25.6x	28.9x	22.9x	19.8x	20.6x	4%	-44%	-
Synchrony	8.8x	8.0x	7.8x	8.4x	8.0x	7.7x	-4%	-16%	-13%
Dave	n.m.	15.7x	20.3x	18.0x	17.6x	14.8x	-16%	-18%	-
Affirm	n.m.	37.7x	38.4x	35.4x	28.7x	28.3x	-1%	-43%	-
Robinhood	49.6x	41.0x	43.7x	38.3x	43.5x	29.7x	-32%	-33%	-40%
Europe									
Wise	36.4x	19.7x	20.4x	19.9x	19.1x	16.5x	-14%	-33%	-55%
Adyen	59.4x	19.6x	19.4x	22.9x	20.6x	18.7x	-9%	-43%	-68%
Asia									
KakaoBank	33.3x	16.0x	16.7x	16.4x	16.1x	14.6x	-9%	-23%	-56%

XP Estimates (Summary)

Our numbers

Fig. 106: XP Estimates

	2025	2026	2027	2028
Consolidated Income Statement ($ mn)				
Operating Revenue	**15,775**	**22,731**	**29,707**	**36,726**
Net Interest Income | NII	**8,856**	**13,476**	**18,084**	**23,279**
Cost of Credit	-4,205	-6,696	-9,269	-11,485
Risk Adj. NII	**4,651**	**6,780**	**8,815**	**11,794**
Fee & Commission	2,340	3,117	3,856	4,533
Total Expenses	-2,753	-4,526	-6,038	-7,506
EBT	**3,868**	**4,831**	**5,980**	**8,060**
Income Tax and Social Contribution	-997	-693	-1,106	-1,531
Tax rate (%)	*-26%*	*-14%*	*-18%*	*-19%*
Net Income	**2,872**	**4,139**	**4,874**	**6,529**
Consolidated Balance Sheet ($ mn)				
Current and Long-term Assets	**74,894**	**94,655**	**114,853**	**140,965**
Loan, Lease and Other Credits Operations	41,518	54,758	67,231	82,840
Current and Long-term Liabilities	**63,572**	**79,197**	**95,740**	**117,281**
Deposits	60,741	75,903	91,758	112,403
Shareholder's Equity	**11,322**	**15,458**	**19,113**	**23,684**
Valuation				
P/B	**-**	**3.7**	**3.0**	**2.4**
P/E	**-**	**13.8**	**11.7**	**8.7**
DPS	-	-	0.2	0.4
Payout (%)	0%	0%	25%	30%
Dividend Yield (%)	-	-	2.1%	3.4%
EPS	-	0.8	1.0	1.3
ROE (%)	30.3%	30.9%	28.2%	30.5%
Cost of Risk (%)	15.6%	16.9%	17.8%	17.7%

Fig. 107: New vs. Old

	2026			2027			2028		
Key Estimates ($ mn)	**New**	**Old**	**New vs Old**	**New**	**Old**	**New vs Old**	**New**	**Old**	**New vs Old**
Operating Revenue	**22,731**	**20,496**	**11%**	**29,707**	**25,091**	**18%**	**36,726**	**30,139**	**22%**
EBT	4,831	5,638	-14%	5,980	7,635	-22%	8,060	9,777	-18%
Recurring Net Income	**4,139**	**4,094**	**1%**	**4,874**	**5,439**	**-10%**	**6,529**	**6,895**	**-5%**
Credit Portfolio ($ mn)	**46,367**	**40,656**	**14%**	**57,753**	**54,026**	**7%**	**71,687**	**67,600**	**6%**
ROE (%)	**30.9%**	**30.6%**	**29 bps**	**28.2%**	**31.2%**	**-297 bps**	**30.5%**	**31.7%**	**-121 bps**

Fig. 108: XP vs. Consensus

	2026			2027			2028		
Key Estimates ($ mn)	**XPe**	**Cons.**	**XP vs Cons.**	**XPe**	**Cons.**	**XP vs Cons.**	**XPe**	**Cons.**	**XP vs Cons.**
Operating Revenue	**22,731**	**22,461**	**1%**	**29,707**	**27,967**	**6%**	**36,726**	**33,163**	**11%**
EBT	4,831	5,287	-9%	5,980	6,874	-13%	8,060	8,692	-7%
Recurring Net Income	**4,139**	**4,196**	**-1%**	**4,874**	**5,288**	**-8%**	**6,529**	**6,475**	**1%**
ROE (%)	**30.9%**	**31.5%**	**-59 bps**	**28.2%**	**30.7%**	**-250 bps**	**30.5%**	**30.6%**	**-9 bps**

Source: XP Research.

Nubank

Risks

Risks

Assessing the main risks to the investment thesis

Credit quality. Credit quality remains the main risk to the thesis, as a weaker macro environment or faster portfolio growth could pressure NPLs and cost of risk. Conversely, Nubank's expanding data set and increasingly sophisticated underwriting models could support better-than-expected risk performance.

Spreads. Competitive pressure could compress spreads as incumbents and fintechs become more aggressive, though Nubank's brand, customer engagement and risk-based pricing capabilities may help preserve profitability.

Portfolio size and growth. Loan growth could fall short if the macro backdrop proves more challenging than expected. On the other hand, Nubank's scalable platform and execution track record could drive stronger balance-sheet growth.

Funding costs. Deposit costs could increase amid stronger competition for funding, tighter liquidity conditions or international expansion dynamics, while higher customer primacy may continue to support a low-cost funding base.

Marketing expenses. Marketing spending may remain elevated as Nubank invests in growth and international expansion, although scale benefits and strong organic acquisition could improve efficiency over time.

Fig. 109: Target price (%): Cost of risk (rows, pp) × Yield (columns, pp)

	-5.0 pp	-2.5 pp	0.0 pp	+2.5 pp	+5.0 pp
-1.0 pp	-11%	-2%	7%	16%	25%
0.0 pp	-18%	-9%	$17/shr.	9%	18%
+1.0 pp	-25%	-16%	-7%	2%	11%
+2.0 pp	-32%	-23%	-14%	-5%	4%
+3.0 pp	-39%	-30%	-21%	-12%	-3%

Fig. 110: Operating Expenses Sensitivity

Operating Expenses	TP (US$/sh)	Net income 2027E	Net income 2028E	ROE 2027E
-15.0%	10.9%	5,612	7,442	31.4%
-10.0%	7.3%	5,366	7,138	30.4%
-5.0%	3.6%	5,120	6,833	29.3%
0.0%	**$17/shr.**	**4,874**	**6,529**	**28.2%**
+5.0%	-3.6%	4,628	6,225	27.1%
+10.0%	-7.3%	4,382	5,921	25.9%
+15.0%	-10.9%	4,136	5,617	24.8%
+20.0%	-14.6%	3,889	5,313	23.6%
+30.0%	-21.9%	3,397	4,705	21.1%

Fig. 111: Scenario Analysis

Scenario	Variable	Period 2026	2027	2028	Downside/Upside vs. our TP (%)
Bear	Credit Portfolio	37,093	46,202	57,350	-52.4%
	NII	12,053	13,936	17,884	
	Cost of Risk	18.7%	20.8%	20.7%	
Bull	Credit Portfolio	55,640	69,304	86,024	+53.6%
	NII	15,096	22,871	29,502	
	Cost of Risk	15.6%	15.8%	15.7%	

Nubank

Appendix

Appendix

Score tiers, sizing terms and credit measures

Fig. 112: Credit Score Tiers by Source

CFPB tier (FICO)	Band	TransUnion (VantageScore)	Band	Experian (FICO)	Band
Superprime	800+	Super prime	781–850	Exceptional	800–850
Prime plus	720–799	Prime plus	721–780	Very good	740–799
Prime	660–719	Prime	661–720	Good	670–739
Near-prime	620–659	Near prime	601–660	Fair	580–669
Subprime	580–619	Subprime	300–600	Poor	300–579
Deep subprime	579 and below	—	—	—	—

Fig. 113: Glossary

Term	Definition used in this report
Below prime	CFPB tiers below FICO 660 (near-prime, subprime, deep subprime): 45.9mn cardholders. Where stated, sub-620 (subprime and deep subprime) only
Cardholder	Consumer with a general-purpose credit card (CFPB, 194.8mn). SHED card ownership (82% of adults) is a different base
Revenue per cardholder	XP estimate of interest and fees paid by cardholders in the tier ÷ cardholders
Revenue yield	Revenue ÷ balances. The CFPB itself prints total cost of credit on revolving accounts
Applications rejected; unused line	Share of general-purpose applications not approved, by tier; credit line not drawn (1 − utilisation)
Contestable book	Balances at issuers with under US$100bn of assets: US$347bn of US$1,022bn (US$157bn below prime)
Capture ratio	Nu revenue per customer ÷ incumbent revenue per cardholder in the tier. 33% ≈ one card at an average share of a 3.1-card wallet; 50% = top of wallet; 100% = whole wallet. Gross of fees (up to c.15% of revenue)
Credit invisible; unscored	No credit record (2.7% of adults, 7.0mn); record but no score (9.8%); both Dec-2020 rates. Together 12.5%, c.33.7mn on today's 269.8mn adults (XP calc)
Customer counts	Each company's own definition: Nu customers; Chime active members; SoFi members; Dave monthly transacting members; Robinhood funded customers; Cash App monthly transacting actives; Remitly quarterly actives; Wise annual actives

Source: XP Research.

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