

Nubank (NU)

A Timely Opportunity with Multiple Catalysts

Upgrade to Buy; 26YE TP of \$21/shr.

We are upgrading Nubank (NU) from Neutral to Buy as we see a compelling combination of structural growth opportunities, better earnings visibility, and an undemanding valuation. Looking into 2026, a macro backdrop with catalysts, supported by rising disposable income from a tighter labor market and the income tax reform, should allow credit expansion, albeit with caution. Payroll deducted loans, both INSS and private, also offers a timely avenue to scale lower risk credit with normalized ROEs around 30%. SMEs represent a large and underpenetrated growth frontier, with a credit TAM of ~R\$730 bn, where Nubank can leverage its low cost, data driven model to grow profitably. Internationally, Mexico is ramping up faster than expected, with sound asset quality, breakeven approaching, and a visible path to margin normalization and incremental ROE contribution. Importantly, the recent ~20% share price pullback has not been accompanied by material earnings downgrades and appears to reflect transitory factors rather than weaker fundamentals. As a result, the stock now trades at historically low P/E and P/B multiples, at roughly 12x and 3x 2027, respectively. **With a 2026YE DDM based TP of US\$21.0 per share, implying 54.4% upside and assuming a Ke of 12.7%, we see the current level as an attractive entry point into a business that still combines multiple growth engines with high structural profitability.**

Turning opportunities into growth. We see 2026 as a year with clearer catalysts for credit growth and earnings acceleration. A tighter labor market and the income tax reform should support disposable income, which, combined with Nubank's AI driven underwriting, may enable safer portfolio expansion. In parallel, payroll deducted lending, both INSS and private, opens an opportunity to scale lower risk credit, supported by attractive normalized returns of around 30% ROE. Taken together, these factors create a supportive macro to micro setup that should drive loan growth, keep ECLs under control, and support earnings momentum in 2026.

SMEs: the next frontier for scalable growth. We see a large and underpenetrated opportunity for Nubank in SMEs, with a credit TAM of ~R\$730 bn, around half concentrated in micro and small businesses that remain underserved by incumbents. In our view, the company can scale credit through lower risk channels, such as FGI backed loans, while leveraging its low cost, data driven model and distribution advantages. Even under a scenario of gradual spread compression, our analysis suggests SME WK loans can still generate attractive returns, reinforcing this segment as a relevant and profitable growth avenue.

Mexico: on track to become a meaningful ROE contributor. Nu's Mexico operation is ramping up quickly, with solid asset quality, breakeven approaching, and clear room for further profitability improvement. While near term profitability should still be driven primarily by revenue scale, we see lower funding costs, rising spreads, and still low product penetration relative to Brazil as important levers for margin normalization over time. In our view, Mexico is increasingly likely to become a relevant contributor to consolidated profitability and incremental ROE accretion.

An attractive entry point. We derive a 26YE DDM based TP of US\$21.0/shr., implying 54.4% upside, based on a Ke of 12.7%. We see the current share price as an attractive entry point after a ~20% pullback that has not been matched by earnings downgrades. In this context, we view the stock at historically low valuation multiples, while still combining growth, profitability, and multiple triggers.

Nubank (NU)	Buy
Target Price (\$/shr.)	21.0
Current Price (\$/shr.)	13.5
Upside (%)	55.4%
Market Cap (\$ bn)	65.5
Nubank (ROX034)	Buy
Target Price (R\$/shr.)	18.6
Current Price (R\$/shr.)	11.9
Upside (%)	55.4%

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Why read this report?

We present a set of proprietary analyses that quantify the size and profitability of Nu's key growth avenues and potential catalysts for a stock that we believe is currently trading at an attractive discount.

Figure 01: XP Estimates

\$ mn	2025	2026	2027	2028	2029	2030
Net Interest Income NII	8,856	12,054	15,557	19,367	23,650	28,222
Fee & Commission	2,340	2,839	3,479	4,208	5,005	5,824
Allowance for Loan Losses	-4,205	-5,652	-7,254	-8,973	-10,933	-12,876
Operating Expenses	-2,753	-3,179	-3,667	-4,222	-4,809	-5,480
Recurring Net Income	2,872	4,094	5,439	6,895	8,520	10,148
P/E (x)	-	16.0	12.0	9.5	7.7	6.5
P/BV (x)	-	4.2	3.4	2.7	2.3	2.1
ROE (%)	30.3%	30.6%	31.2%	31.7%	32.6%	33.8%

Summary

Investment Thesis

Turning Opportunities into Growth

SMEs: The Next Frontier for Scalable Growth

Mexico: On Track to Become a Meaningful ROE Contributor

The Earnings Power Behind the Story

Putting a Price on the Opportunity

Risks



Nubank

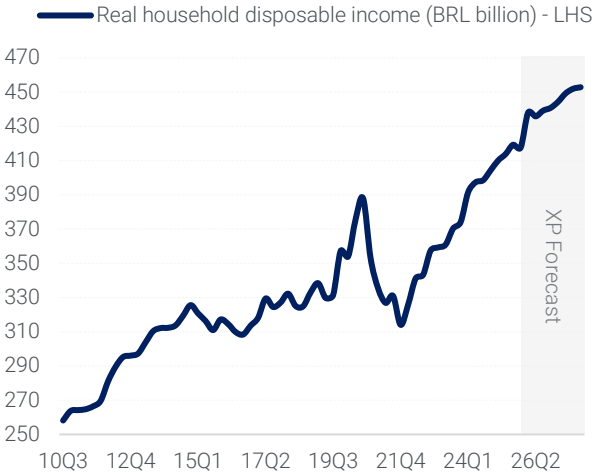
Investment Thesis

Investment Thesis

We see 2026 as a catalyst year

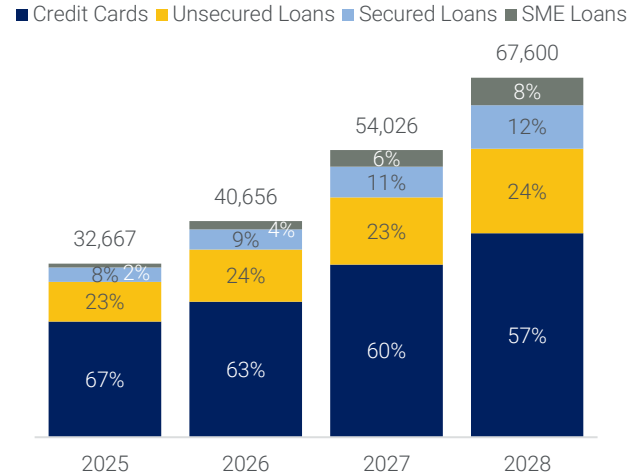
Higher disposable income...

Real Household Disp. Income (R\$ bn)



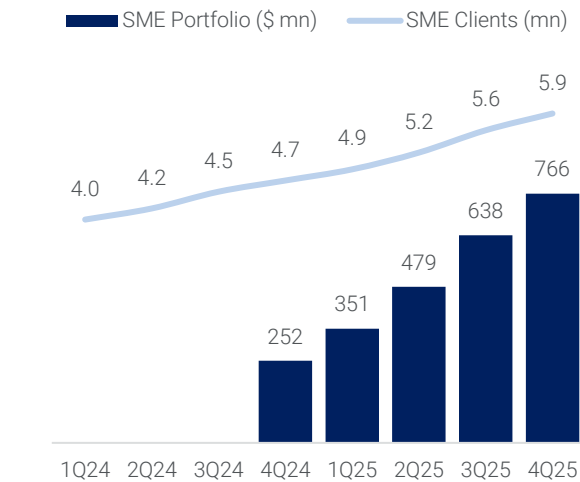
...room for portfolio diversification...

Nu Portfolio Evolution (\$ mn; %)



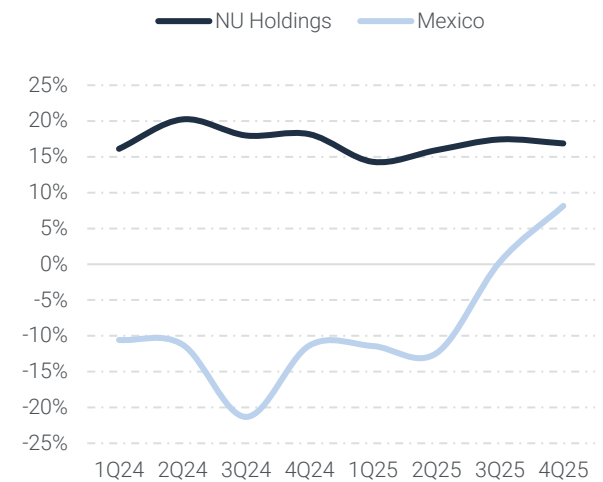
...accelerated growth in SMEs...

Evolution of Nu SMEs Portfolio and Clients (\$ mn; mn)



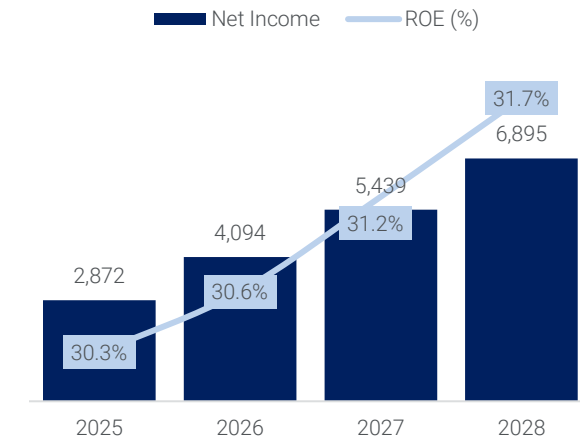
...consolidation of international expansion...

Nu Adj. NIM Evolution (%)



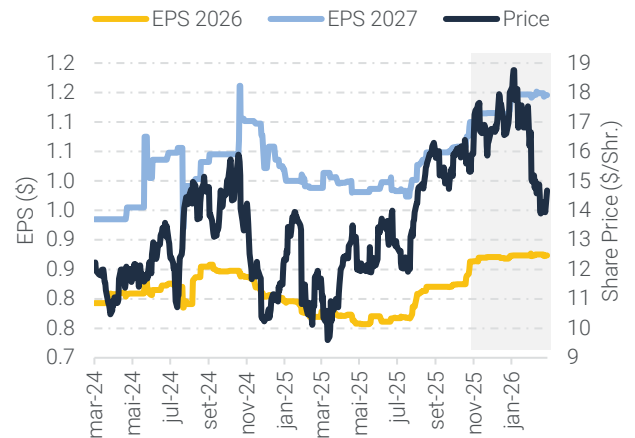
...all translating into profitable growth...

Nu Net Income and ROE (\$ mn; %)



...alongside a window of opportunity.

Nu Earnings Revisions vs. Share Prices (\$; \$/Shr.)



hello@108altitude.com - The RS Family Office - 06/04/2026 04:25 PM UTC

Nubank

Turning Opportunities into Growth

When Incomes Rise, Credit Holds

Rising incomes and tax relief help contain default risk

Income tailwinds, contained credit risk. According to our Economics team, the labor market is expected to remain tight in the near term, with the unemployment rate staying at historically low levels, consistent with resilient domestic activity. As a result, labor earnings should continue to trend upward, although at a more moderate pace. In addition, the reform of the Personal Income Tax (IRPF) is expected to play a significant role in 2026: since most exemptions and deductions will benefit low- and middle-income individuals, the reform is estimated to add ~60 bps to household income growth.

We expect that this macro backdrop should support a controlled credit environment in the short-medium term, particularly for consumer lending, as it should sustain household cash flows and improve debt service ability at the margin. Together, these factors point to a controlled default risk, resilient demand for credit, and a supportive backdrop for portfolio performance, favoring lenders with strong exposure to personal loans and granular retail credit, such as Nubank, which operates with a data-rich underwriting model and a customer base closely tied to domestic income dynamics.

Figure 02: Real Household Disp. Income (R\$ bn)

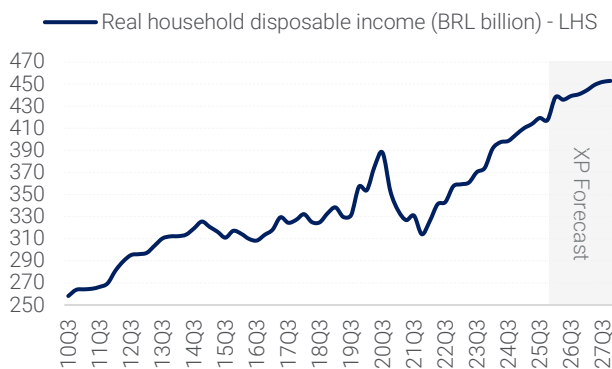
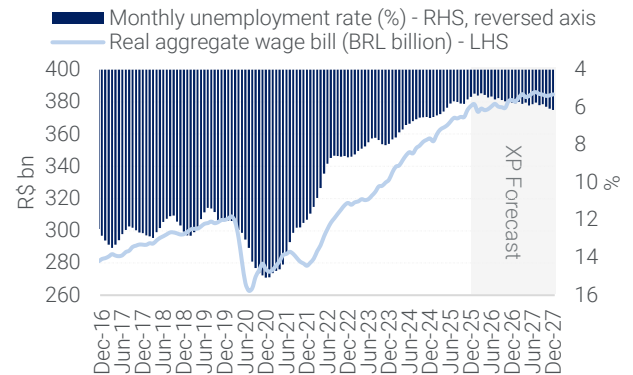


Figure 03: Unemployment and Wage Bill (%; R\$ bn)

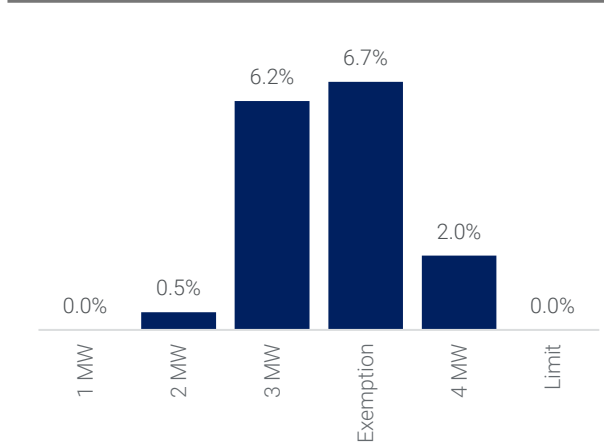


Tax relief as a credit catalyst. The IR reform, effective as of Jan'26, introduces full tax exemption for monthly incomes up to R\$5,000, along with a gradual tax reduction for incomes up to R\$7,350. It applies to private-sector workers, public servants, retirees, and pensioners, including the 13th salary. An estimated 16 mn people are expected to benefit, with potential savings of up to ~R\$300 per month, providing a meaningful boost to disposable income. We believe that higher disposable income concentrated in a customer range that represents ~15% of Nu's clients exposition, combined with bank's improved underwriting through IA, specially with Hyperplane models, should supports safer credit expansion without meaningful additional risk for 2026, which should reflect in controlled ECL levels through the year.

Figure 04: Sensibility of Tax Reform Effects (R\$)

R\$	2 MW	3 MW	Exemp.	4 MW
Before				
Gross Income	3,242	4,863	5,000	6,484
Income After Reduction	2,635	4,256	4,393	5,877
Tax Rate (%)	7.5%	22.5%	22.5%	27.5%
Deduction	182	675	675	909
Income Tax	15	282	313	707
Eff. Tax Rate (%)	0.5%	5.8%	6.3%	10.9%
After-tax Income	3,227	4,581	4,687	5,777
Now				
Income Tax	-	-	-	592
Eff. Tax Rate (%)	-	-	-	9.1%
Nominal Increase	15	282	313	115
Net Increase in Income	0.5%	6.2%	6.7%	2.0%

Figure 05: Potential Net Income Increase (%)



A Controlled Credit Environment. We see a gradual deterioration in credit quality, particularly within the retail segment, largely driven by the performance of unsecured credit lines. However, the recent deterioration observed in reported metrics reflects not only underlying credit conditions but also the impact of a new regulatory methodology ([link](#)), which limits comparisons with historical periods. In our view, the incremental nature of the deterioration, partially offset by higher system liquidity, should continue to support a safe expansion of credit throughout 2026 (Febraban estimates total system credit growth at ~8% in 2026), a pace that appears consistent with a controlled risk environment rather than a disruptive credit cycle.

Figure 06: Unsecured Personal NPLs 15-90 (%)

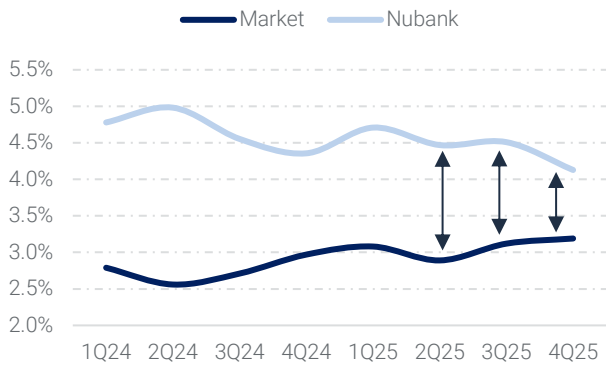


Figure 07: Unsecured Personal NPLs 90+ (%)

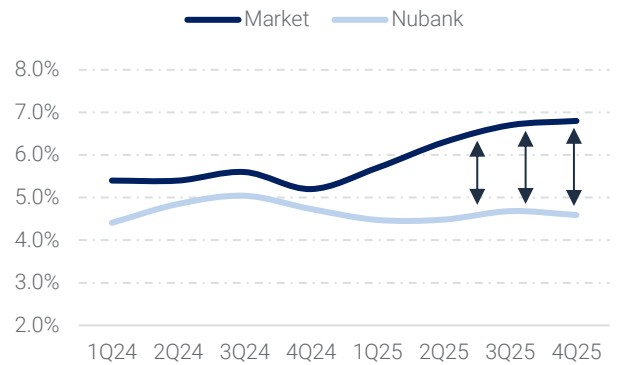
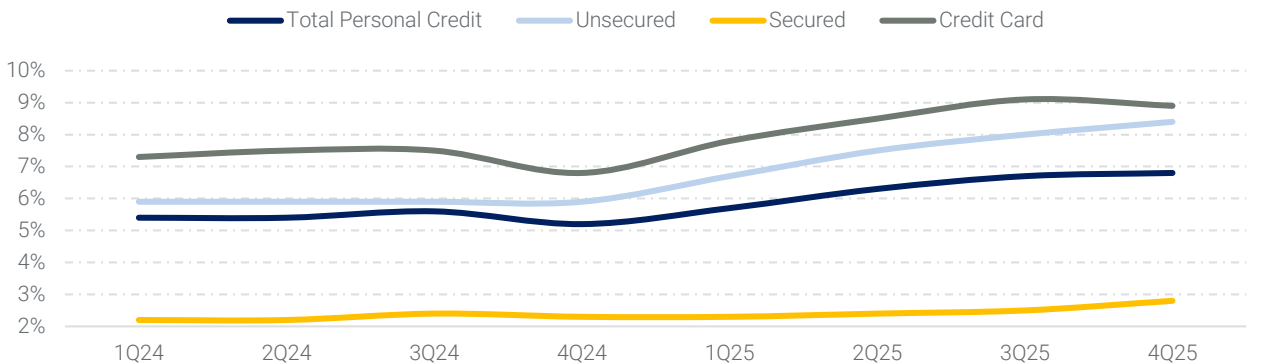
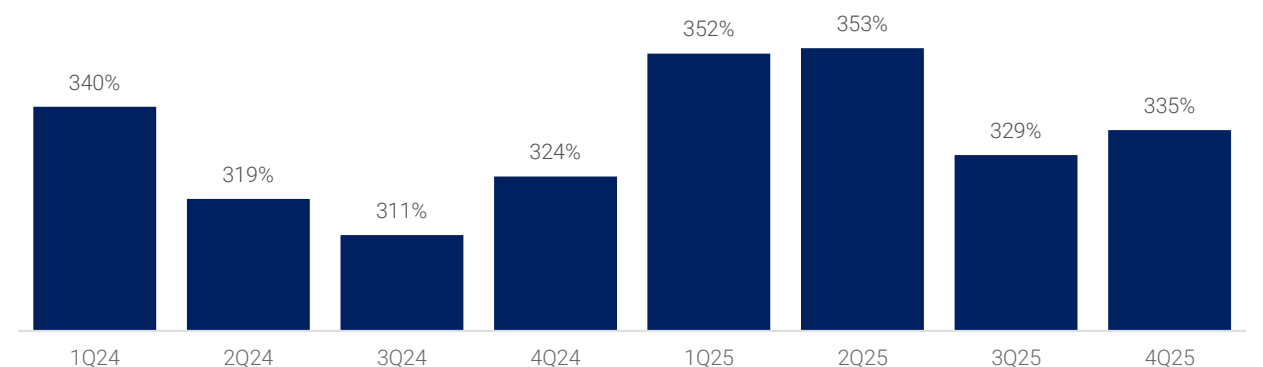


Figure 08: Breakdown of the Main Personal Credit Lines' NPLs 90+ (%)



While we acknowledge a gradual deterioration in the macro backdrop, we see limited signs of abrupt stress that would challenge Nu's growth trajectory. The company's granular underwriting, fast model recalibration, low portfolio duration, and reversible limit-based origination provide meaningful flexibility to expand credit selectively. We currently view the bank as well provisioned to absorb any additional pressure should the macro environment deteriorate. Moreover, we do not assume any meaningful improvement in cost of credit in our model. From a sensitivity standpoint, as discussed in our risk section, a deterioration in credit quality would have a material impact on results, but would not eliminate the upside we see in the stock.

Figure 09: Evolution of Nu's Consolidated Coverage Ratio (%)



A Defensive Opportunity in Credit

A falling rate environment reinforces the appeal of INSS payroll

A defensive retail credit product. As expected for a product backed by collateral, INSS payroll loans tend to be particularly attractive for banks that have strong market positioning and efficient operating structures. One of the main reasons is the product's relatively low credit risk, as delinquency rates are significantly lower than those seen in most other retail credit products. For example, some specialized players work with cost-of-risk levels close to 2%, reflecting historically stable delinquency rates in the 2–3% range. From a pricing perspective, the product operates under regulated interest rate caps. The maximum rate is set at 1.85% per month for traditional payroll loans and 2.49% per month for payroll-linked credit cards and benefit cards. While these caps limit upside on asset yields, they are largely offset by the structurally low cost of risk. Looking ahead, the current interest rate environment also plays a role in the product's attractiveness, as declining interest rate cycle should deliver an improvement in spreads as funding becomes cheaper.

Figure 10: INSS Spreads vs. CDI Over (%)

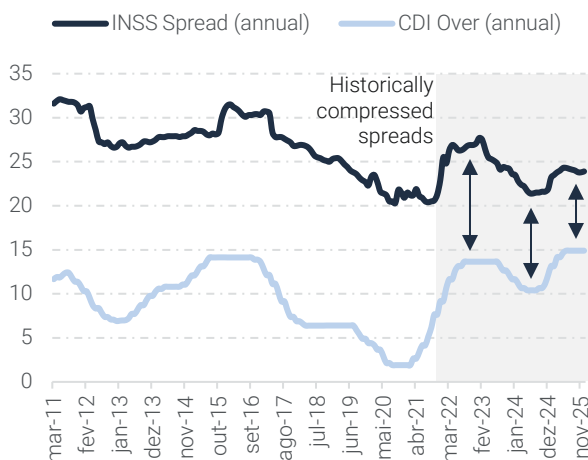
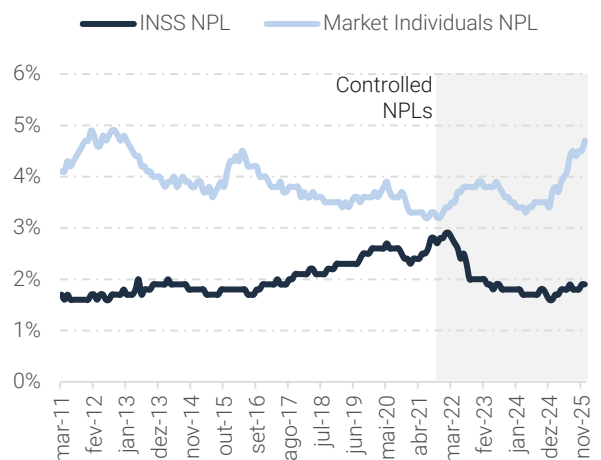


Figure 11: INSS vs. Market Individuals NPLs (%)



Opportunity in Low-Risk Lending. Against this backdrop, we expect Nubank to gradually expand origination in INSS payroll loans, adding a profitable, structurally low-risk product with a low cost of risk that should also benefit overall ECL dynamics. While the bank faces clear regulatory constraints, particularly its inability to participate in auctions and to access the incumbent and niche players' beneficiary base, we do not view this as a structural impediment to building relevance over time. Rather, these limitations reduce the immediate competitive impact and imply a more gradual ramp-up, without eliminating the product's strategic potential.

Even if initially limited to portability, Nubank can still leverage its large customer base and strong digital distribution capabilities to lower acquisition costs and attract beneficiaries with whom it already has broader relationships. Over time, embedding payroll loans within a wider ecosystem of accounts, cards, and other credit products should support customer lifetime value and make the economics more compelling, even with a relatively aggressive pricing strategy. Currently, Nu's INSS product is running with interest rates around ~30 bps below the regulatory cap, among the lowest in the segment.

In our view, from an economic and strategic standpoint, INSS payroll lending remains attractive even for new entrants. It is a credit product with controlled delinquency, highly predictable cash flows, and strong capital efficiency. As such, we view INSS payroll less as a pure volume story and more as a tool to improve portfolio mix, support retention, and reinforce balance-sheet efficiency. In that sense, while regulatory and operational barriers should continue to favor specialized incumbents and specialized players, the product can still make economic and strategic sense for Nubank within a long-term, cross-sell-driven model focused on customer relationships and gradual scale-building.

If you are interested, please refer to our in-depth study on the INSS auction market [here](#).

Executing Through the Learning Curve

Private payroll could be another profitable growth vector

A path to sustainable ~30% ROE. Private payroll loans materially expand the addressable payroll market in Brazil by including formally employed private sector workers. The product benefits from automatic payroll deduction, lower borrowing costs for the customer, and more predictable cash flows, which together should support a structurally lower risk profile. At the same time, execution is more complex than in traditional payroll lending, given the fragmented employer base and the heterogeneity of payroll systems. While this raises operational complexity, it also creates barriers to entry.

The market still appears to be in an early and somewhat noisy phase, with elevated spreads reflecting operational frictions and a still limited number of scaled players. Over time, greater standardization and more rational competition should drive spread normalization, with returns increasingly supported by scale, efficiency, and lower cost of risk rather than unusually high pricing. Under our assumptions of lower average lending rates and a declining cost of risk as vintages mature, our sensitivity analysis points to a normalized ROE of around 30%, suggesting the product can remain meaningfully value accretive even under a more conservative steady state.

We expect Nubank to accelerate its initial penetration by leveraging its existing FGTS backed credit customer base, a segment that has become less attractive after recent regulatory changes. These customers are formally employed, already known to the bank, and familiar with structured credit products, which should lower acquisition costs, reduce underwriting uncertainty, and shorten ramp up time. In our view, this creates a natural migration path into a more attractive product, allowing Nubank to scale origination, improve risk adjusted returns, and move along the learning curve while preserving underwriting discipline.

Figure 12: Private Payroll ROE Analysis - 2026

ROE Analysis - Private Payroll		Bear	Base	Bull
Avg. Rate	(a)	28.4%	36.6%	45.2%
Cost of Funding	(b)	12.5%	12.5%	12.5%
Gross Operating Revenues	(c) = (a) - (b)	15.9%	24.1%	32.7%
% tax	(d)	4.7%	4.7%	4.7%
Net Operating Revenues	(e) = (c) * (1-d)	15.1%	22.9%	31.2%
Cost of Risk	(f)	15.0%	15.0%	15.0%
Risk Adj. NII	(g) = (e) - (f)	0.1%	7.9%	16.2%
Efficiency Ratio	(h)	22.0%	22.0%	22.0%
Expenses	(i) = (g) * (h)	0.0%	1.7%	3.6%
EBT	(j) = (g) - (i)	0.1%	6.2%	12.6%
Eff. Tax Rate	(k)	27.4%	27.4%	27.4%
Net Income	(l) = (j) * (1-k)	0.1%	4.5%	9.2%
FPR	(m)	75.0%	75.0%	75.0%
Equity	(n)	19.9%	19.9%	19.9%
ROE Private Payroll	(o) = (l) / (m*n)	0.6%	30.1%	61.3%

Nubank

SMEs: The Next Frontier for Scalable Growth

SME Credit: A Structural Opportunity

SME product expansion creates a clear runway for profitable growth

From simplicity to completeness. Nu Empresas initially started from the thesis that the MEI segment largely mirrors the individual customer profile, allowing the bank to replicate much of its existing individual's product offering. Over 2023–24, however, the focus shifted toward understanding the structural differences of this segment. Building on this learning, we see Nu working on expanding its product offering to serve larger businesses, currently targeting companies with up to R\$5 mn in annual revenue, with a relevant part of the portfolio driven by secured credit lines, mainly FGI. By improving the completeness of its product and service offering and, consequently, its value proposition for corporate clients, we see a clear avenue for profitable growth for the bank to pursue over the coming years.

A large and concentrated TAM. Based on Central Bank data, we estimate the SME credit TAM at ~R\$730 bn, with around 50% concentrated in micro and small enterprises, primarily operating through working capital products. When assessing the players active in this market, Nubank currently has a very limited presence compared to incumbent banks across all analyzed segments of corporate credit. Against this backdrop, we see a massive market that is largely concentrated in larger companies served by incumbents, leaving a significant portion of smaller businesses underserved. This creates ample room for digital players such as Nubank, which, through lower-cost and more accessible services, can scale a compelling value proposition over time, representing a meaningful growth avenue for the bank.

Figure 13: Distribution of Loans by Size (R\$ bn)

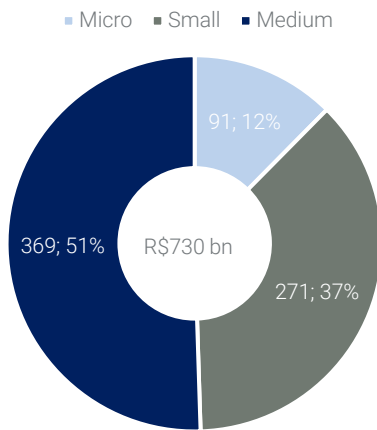


Figure 14: Distribution of Loans by Product (R\$ bn)

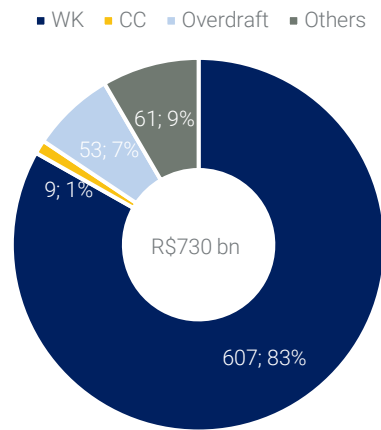
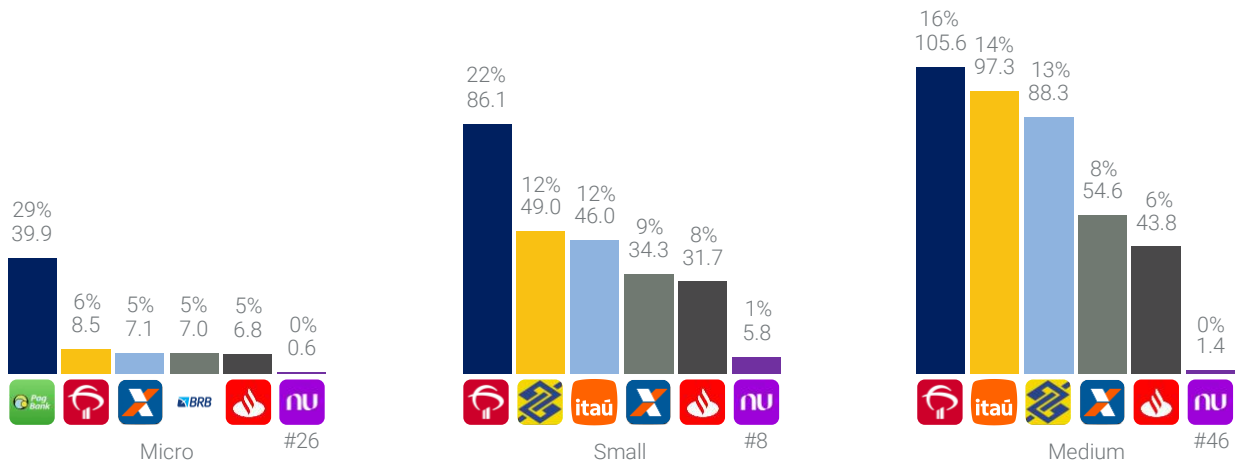


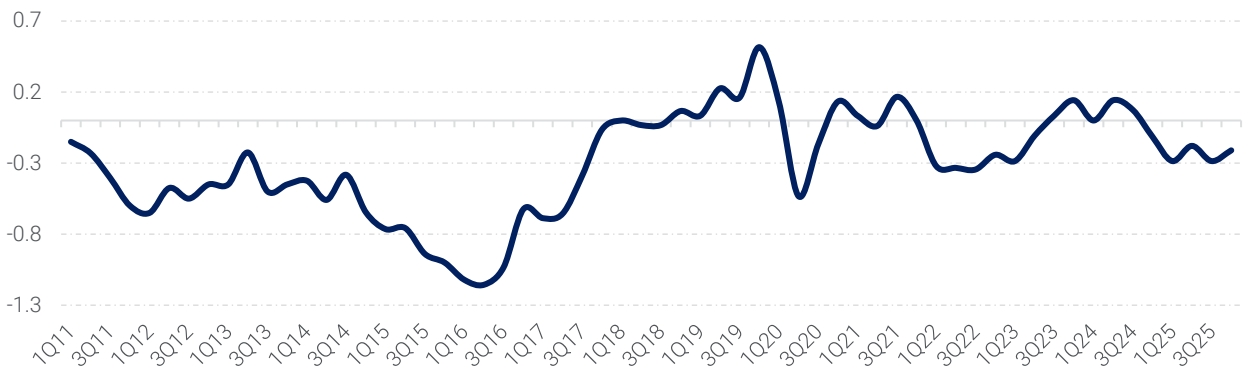
Figure 15: Share of SMEs' Loans per Banks by Size (R\$ bn)



High rates, tight credit. According to Sebrae, Brazil closed Nov'25 with ~24.9 mn active companies, of which ~23.4 mn were SMEs. Within this group, MEIs account for ~13.1 mn, more than half of the total number of companies, representing a base composed of smaller businesses that are highly sensitive to macro fluctuations. These companies typically operate with tight WK levels, limited financial buffers, and a high dependence on monthly cash flow. Today, despite isolated signs of improvement in selected economic indicators, the overall operating backdrop for SMEs remains challenging.

From the supply side, lenders have adopted a conservative stance. Financial institutions broadly maintained a stable pace of loan origination to the segment during 2025. This pattern suggests a defensive strategy, aimed at preserving existing exposure while avoiding both a contraction and a material increase in relative risk allocation to the segment amid an uncertain macro-financial backdrop. However, this dynamic opens the door for more risk-tolerant, low-cost players such as Nubank to serve this segment of companies, which shows clear demand but remains underserved.

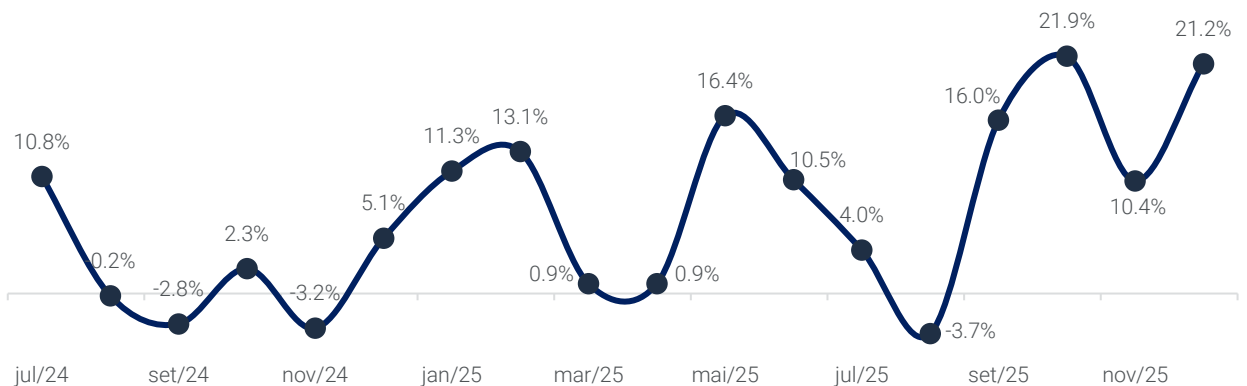
Figure 16: Credit Condition Indicator (ICC)



In this context, we see demand for credit among SMEs remains elevated, largely driven by liquidity needs. In a scenario of tighter financial conditions and uneven cash-flow generation, many small and mid-sized businesses rely on credit to replenish WK, roll over existing liabilities, and sustain day-to-day operations. Taken together, this points to a scenario in which credit demand among SMEs remains structurally strong, while supply is increasingly constrained. Incumbent banks continue to prioritize larger corporates and more standardized SME profiles, leaving micro enterprises poorly served despite their persistent liquidity needs. This mismatch between sustained demand and limited effective supply reinforces the opportunity for alternative and digital lenders to step in and address this underserved segment.

In our view, as SMEs increasingly prioritize simplicity, speed, and integrated financial solutions, players such as Nubank appear structurally advantaged to deepen primary relationships and selectively gain share. With demand for liquidity remaining resilient, digital banks with scale, data capabilities, and proven underwriting in micro credit are well positioned to emerge as long-term beneficiaries.

Figure 17: SMEs Credit Demand (annual variation %)



FGI: a low-risk path to SME expansion. The FGI is a BNDES-managed credit guarantee fund that mitigates losses on SME loans, enabling banks to expand lending with lower risk and capital usage. In 2025–26, monthly FGI volumes ranged from R\$3 bn to R\$14 bn, with medium-sized firms accounting for ~70% of total volumes. Nubank’s participation accelerated in late-2025, reaching ~R\$25 bn in originations during the period, with a strong focus on micro businesses (~70-80% of its FGI portfolio). It is worth noting that, as shown below, incumbent banks are primarily focused on origination for small and medium-sized companies, while the micro segment remains underserved. In our view, this creates a clear opportunity for Nu to expand into collateralized lending lines for SMEs, ramping up a profitable portfolio with a lower cost of risk.

Figure 18: Evolution of Market FGI Loans by Size (R\$ mn)

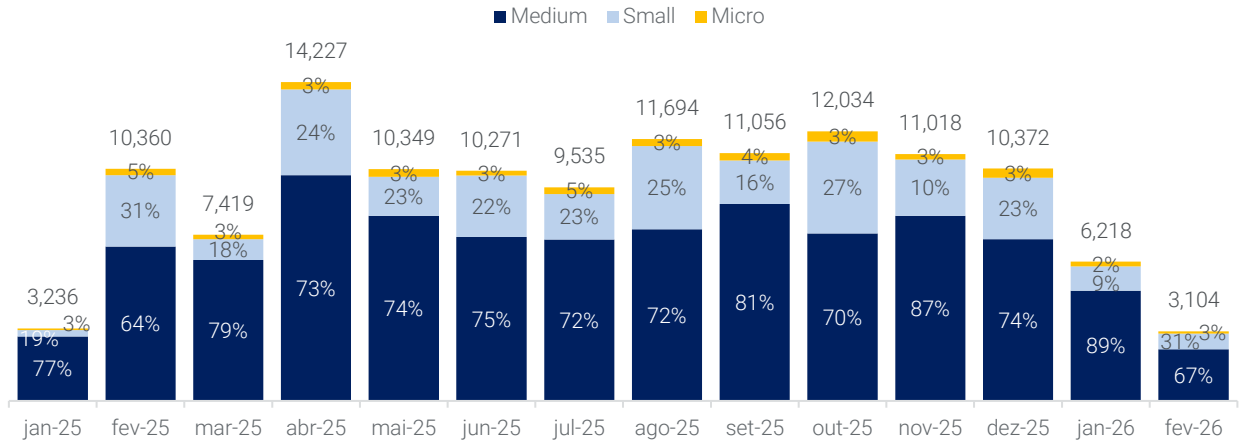


Figure 19: Nu’s FGI Originations by Size (R\$ bn)

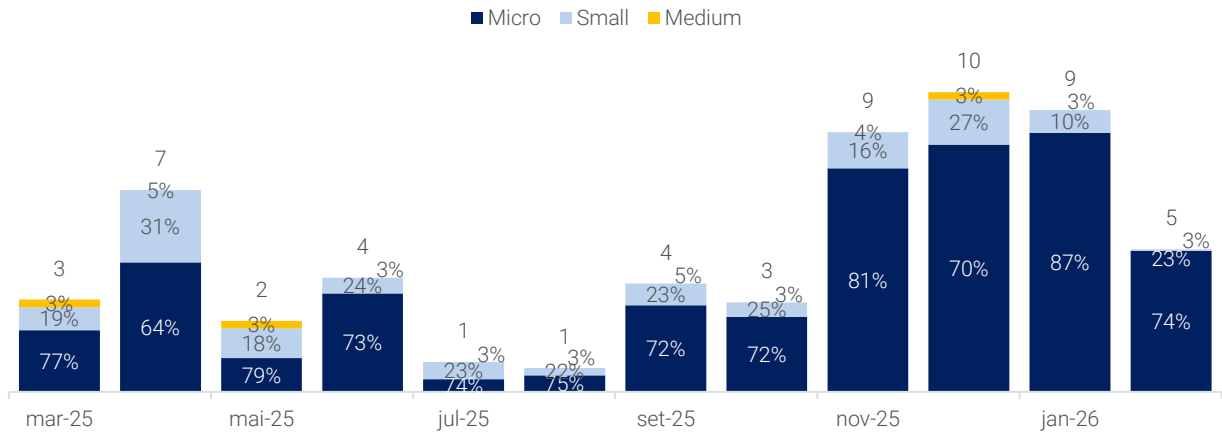
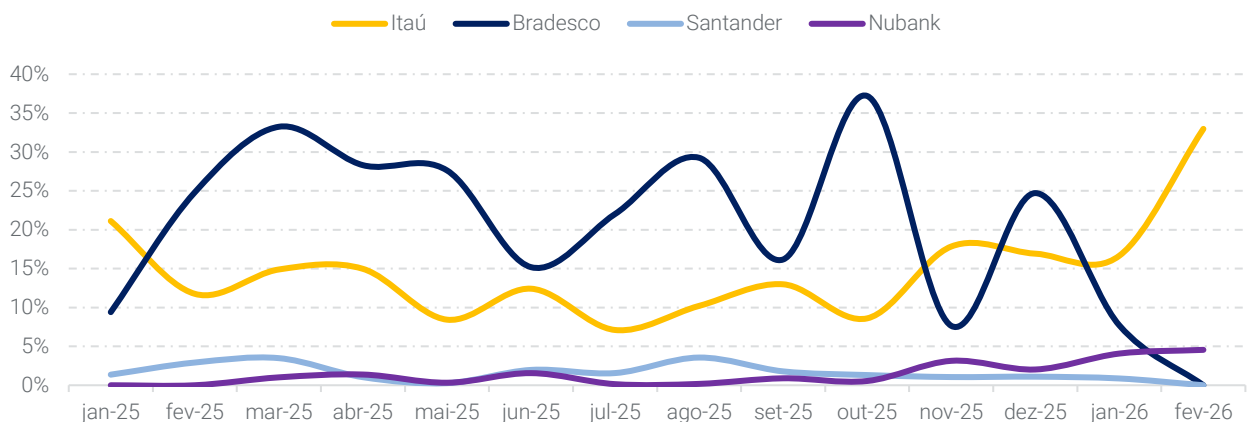
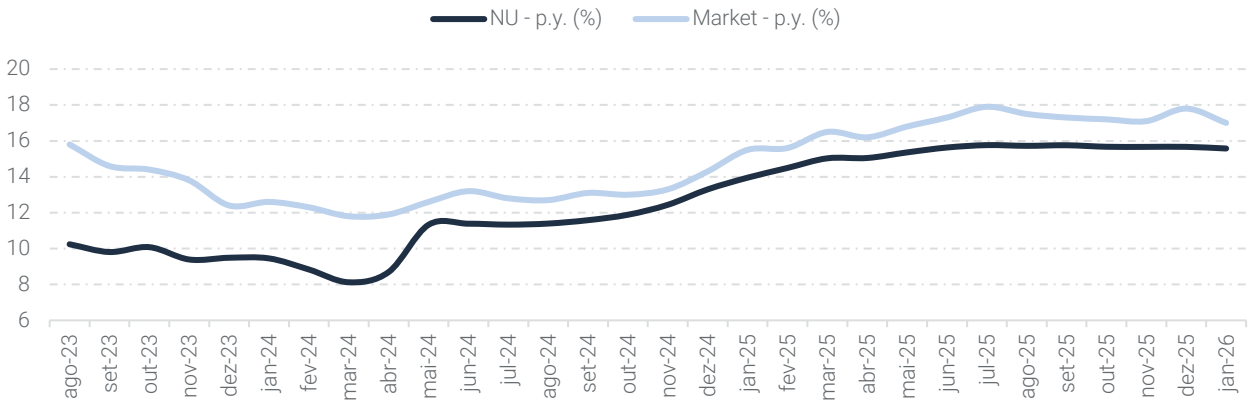


Figure 20: Origination Share by Banks



Efficiency-driven pricing advantage. Nubank is able to offer below-market rates on receivables anticipation primarily due to its lean cost structure, competitive funding, and risk model anchored in proprietary transactional data. By operating through a fully digital and highly integrated platform, the bank reduces operational costs and information asymmetries in origination, enabling more efficient risk pricing, allowing the bank to compress spreads while preserving attractive returns.

Figure 21: Credit Card Receivables Anticipation Interest Rates (annual)



According to BC data, Nubank currently operates with relatively elevated spreads in WK loans, reflecting both the risk profile of SME borrowers and the still-selective nature of origination. That said, as the bank looks to scale its presence and gain market share in this segment, we see room for a gradual compression in spreads without undermining the attractiveness of the product, supported by its low-cost operating model and data-driven underwriting.

Figure 22: Nu Interest Rate and Spreads vs. CDI for WK <365 days (annual)

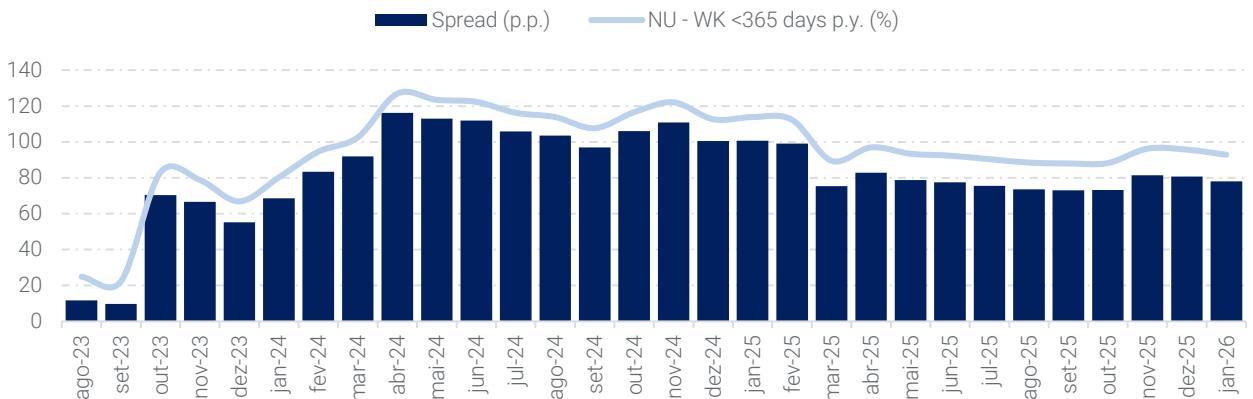
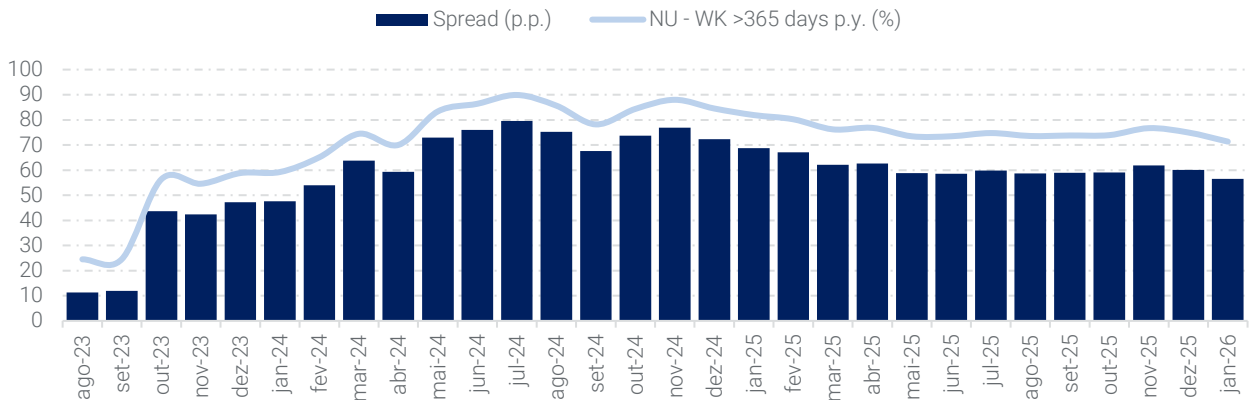


Figure 23: Nu Interest Rate and Spreads vs. CDI for WK >365 days (annual)



How can far spreads compress without breaking ROEs? To illustrate the potential room for spread compression without compromising returns, we conducted a ROE sensitivity analysis on SME WK loans. Starting from a base scenario with annual spreads of 65 p.p. over CDI, we progressively reduce spreads down to 35 p.p., while keeping key assumptions constant, namely funding costs at 12.5%, cost of risk at 30%, efficiency ratio at 22.0%, and tax rates at 27.4%. Even under materially lower pricing assumptions, the product continues to generate attractive ROEs, remaining above ~30% in mid-range scenarios and only converging toward mid-teens ROEs at significantly compressed spreads. This exercise highlights that, supported by Nubank’s low-cost structure and disciplined risk assumptions, the bank has meaningful flexibility to lower pricing to gain market share while still operating a profitable and competitive product.

Figure 24: Nu’s WK Sensitivity Analysis (2026)

ROE Analysis - SMEs		Base	Spread Sensitivity			
		65	55	45	40	35
<i>Spread vs. CDI</i>						
Avg. Rate	(a)	80.0%	70.0%	60.0%	55.0%	50.0%
Cost of Funding	(b)	12.5%	12.5%	12.5%	12.5%	12.5%
Gross Operating Revenues	(c) = (a) - (b)	67.5%	57.5%	47.5%	42.5%	37.5%
% tax	(d)	4.7%	4.7%	4.7%	4.7%	4.7%
Net Operating Revenues	(e) = (c) * (1-d)	64.4%	54.8%	45.3%	40.5%	35.8%
Cost of Risk	(f)	30.0%	30.0%	30.0%	30.0%	30.0%
Risk Adj. NII	(g) = (e) - (f)	34.4%	24.8%	15.3%	10.5%	5.8%
Efficiency Ratio	(h)	22.0%	22.0%	22.0%	22.0%	22.0%
Expenses	(i) = (g) * (h)	7.6%	5.5%	3.4%	2.3%	1.3%
EBT	(j) = (g) - (i)	26.8%	19.4%	11.9%	8.2%	4.5%
Eff. Tax Rate	(k)	27.4%	27.4%	27.4%	27.4%	27.4%
Net Income	(l) = (j) * (1-k)	19.5%	14.1%	8.7%	6.0%	3.3%
FPR	(m)	100.0%	100.0%	100.0%	100.0%	100.0%
Equity	(n)	19.9%	19.9%	19.9%	19.9%	19.9%
ROE SMEs	(o) = (l) / (m*n)	97.8%	70.6%	43.5%	29.9%	16.4%

We see room for a reduction of up to 25 p.p. while still sustaining an ROE above 30%

Figure 25: Sensitivity | Interest Rates vs. Cost of Risk

		Cost of Risk						
		20%	23%	27%	30%	33%	37%	40%
Interest Rates	65%	85%	76%	67%	57%	48%	38%	29%
	70%	99%	90%	80%	71%	61%	52%	43%
	75%	113%	103%	94%	84%	75%	66%	56%
	80%	126%	117%	107%	98%	89%	79%	70%
	85%	140%	130%	121%	111%	102%	93%	83%
	90%	153%	144%	134%	125%	116%	106%	97%
	95%	167%	157%	148%	139%	129%	120%	110%

Figure 26: Sensitivity | Interest Rates vs. Eff. Rate

		Efficiency Rate						
		12%	15%	19%	22%	25%	29%	32%
Interest Rates	65%	64%	62%	60%	57%	55%	52%	50%
	70%	80%	77%	74%	71%	68%	65%	62%
	75%	95%	91%	88%	84%	81%	77%	74%
	80%	110%	106%	102%	98%	94%	90%	85%
	85%	126%	121%	116%	111%	107%	102%	97%
	90%	141%	136%	130%	125%	120%	115%	109%
	95%	156%	150%	145%	139%	133%	127%	121%

What's still missing in SMEs offer? Nu Empresas already provides solid coverage of the digital banking core for SMEs, including a no-fee business account, issuance and management of collections with automation, a business card with control tools, "PJ Caixinhas", and a relevant layer of operational organization (shared access with user profiles, a payments assistant with DDA/bill management, scheduled Pix and direct debit, as well as a tax hub for MEIs). While these tools already show strong traction across a relevant customer base, we see scope to further enhance client primacy and monetization by building a more comprehensive product ecosystem and scaling credit products. That said, when benchmarked against what typically constitutes a full-fledged SME offering in Brazil, we identify Nu Empresas' main gaps across three fronts:

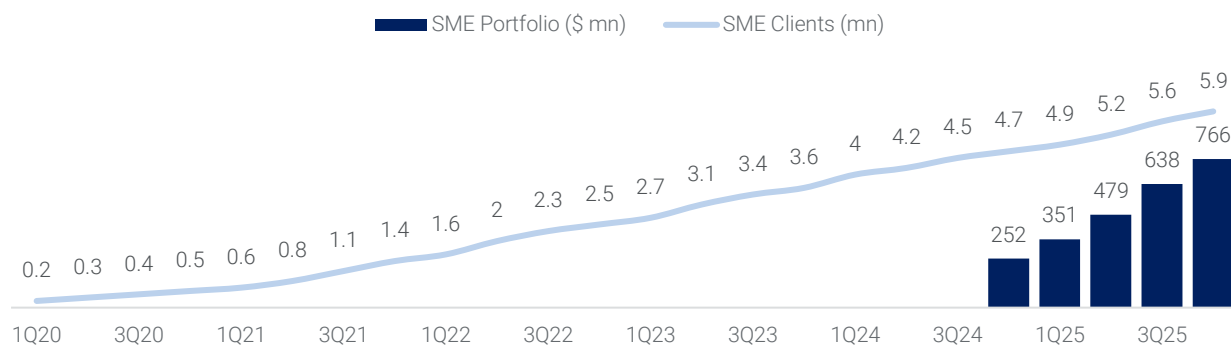
(i) Back-office integrations and automation: ERP/accounting integrations, automatic reconciliation and inbound/outbound banking APIs, batch payments and approval workflows. This point refers to how deeply the bank is integrated into a company's day-to-day operations. In the absence of integration, business owners need to manually download bank statements, upload files into accounting systems, reconcile payments one by one, and execute transactions directly in the banking app. What is missing here are automated ERP and accounting integrations, automatic bank reconciliation, banking APIs, and approval workflows. Without these capabilities, the bank remains primarily a transactional channel rather than an embedded component of the company's financial back office.

(ii) Classic treasury and relationship products for SMEs: payroll and salary accounts with CNAB integration, broader receivables anticipation solutions, business insurance products, and corporate cards with multiple cardholders and integrated expense/reimbursement management. This group includes the "traditional" products that banks use to become the primary financial partner of a business. Without these products, Nu may function as the day-to-day operating account, but SMEs are likely to maintain relationships with other banks to meet these needs, diluting client primacy, data capture, and monetization potential.

(iii) Tax and fiscal capabilities beyond MEIs: routines for the tax regimes and the lack of an option to print tax invoices. The gap lies in the lack of more comprehensive fiscal routines (e.g., tax tracking, filings, and controls) and even basic operational limitations, such as the inability to print tax invoices, which is still required in many B2B and B2C workflows (while invoices can be sent by email, the absence of a physical POS device constrains the issuance of printed receipts). These constraints reduce the platform's attractiveness for more mature and structurally complex SMEs.

By closing the identified gaps, Nu Empresas can evolve from a strong digital banking entry point into the primary financial operating platform for SMEs, materially increasing client primacy and share of wallet. In addition, we see an increasing shift toward a multi-banking behavior among SME clients, which poses a risk for incumbent banks' SME offerings. As Nubank continues to ramp up its SME platform, clients still rely on incumbent banks for products and services that Nu has yet to fully offer. However, over time, the relationship with Nubank tends to deepen, driven by a more agile and lower-cost structure, while incumbents have limited ability to effectively respond to this gradual erosion of engagement.

Figure 27: Evolution of Nu SMEs Portfolio and Clients



This assessment reflects public information available up to Mar'26 and is not exhaustive. Some of the items mentioned may already be in the process of being incorporated into the bank's platform or may have already been incorporated, but are still being scaled or remain limited in scope.

Nubank

Mexico: On Track to Become a Meaningful ROE Contributor

Mexico: An Emerging Driver of Consolidated ROE

We see Mexico as a clear path to sustainable growth and profitability

Nubank's Mexico operation is showing a fast and high-quality ramp-up, with strong portfolio growth, improving risk-adjusted margins, and breakeven clearly in sight. In our view, while upside from margin expansion and scale remains meaningful, near-term profitability should be driven primarily by top-line leverage rather than by further declines in cost of risk, which warrants some caution given still-low coverage levels. Even so, as penetration increases and funding and spreads normalize, Mexico stands out as a relevant source of incremental growth and ROE accretion for Nubank.

Scaling with quality. Analyzing the recent operating indicators of Nu's Mexico operation, we observe a rapid, positive evolution that is broadly similar, or even slightly more accelerated, than the ramp-up in Brazil. However, as important as comparing the trajectory relative to Brazil is understanding how Nu is performing in Mexico vs. its main peers. In this context, we note an acceleration in total portfolio growth at a faster pace than that observed among key competitors. Despite this faster growth, the NPL ratio remains at controlled levels, standing among the lowest in the peer group and showing a downward trend. This dynamic translates into a stable cost of risk, which remains highly competitive relative to peers. As a result, risk-adjusted NIM continues to expand, while still offering ample room to close the gap vs. peers, a process that we expect to unfold over the coming months.

Overall, we view this rapid and positive top-line evolution as an important near-term trigger for revenue momentum, while also helping to solidify a diversified and profitable revenue base over the long term.

Figure 28: Selected Players' Loan Growth (%)

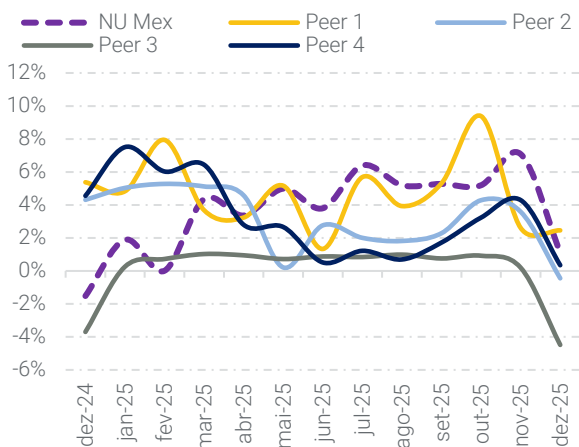


Figure 29: Selected Players' NPL Ratio (%)

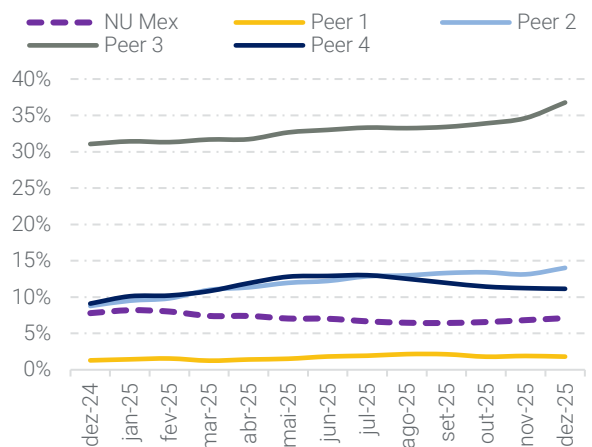


Figure 30: Selected Players' Cost of Risk (%)

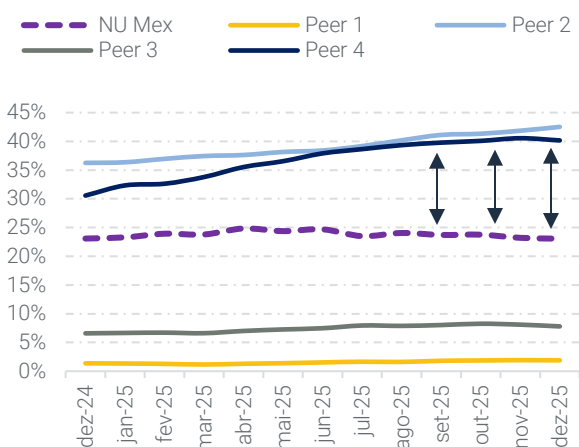
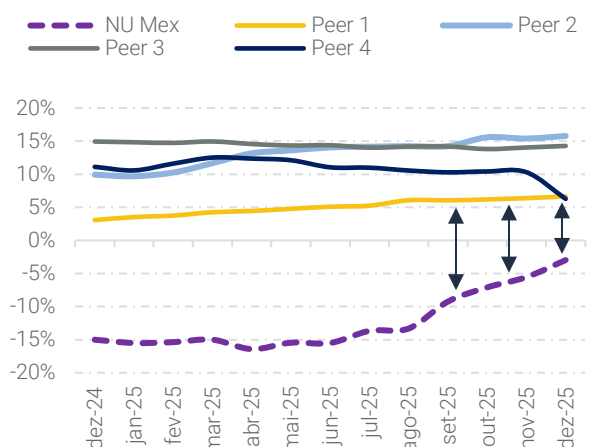


Figure 31: Selected Players' Adj. NIM (%)



The question of breakeven for the Mexico operation is not if, but when. Based on the available data, breakeven does indeed appear imminent; however, the bank is not rushing to accelerate this process, as it remains focused on strengthening the operation in the country and building deeper client engagement. This approach carries significant potential to deliver an accretive ROE to the group over the coming periods.

Figure 32: Selected Players' Net Income (MXN mn)

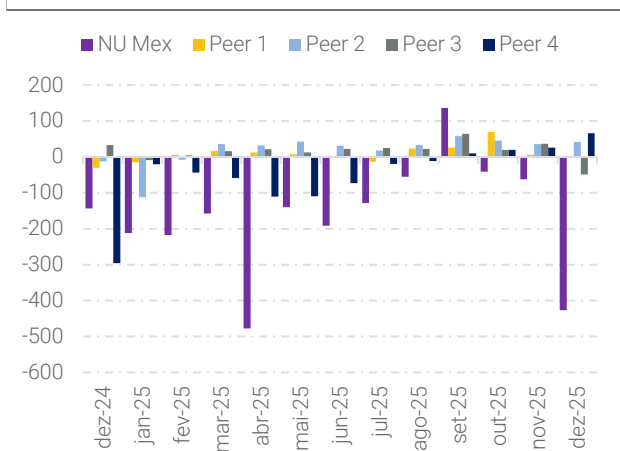
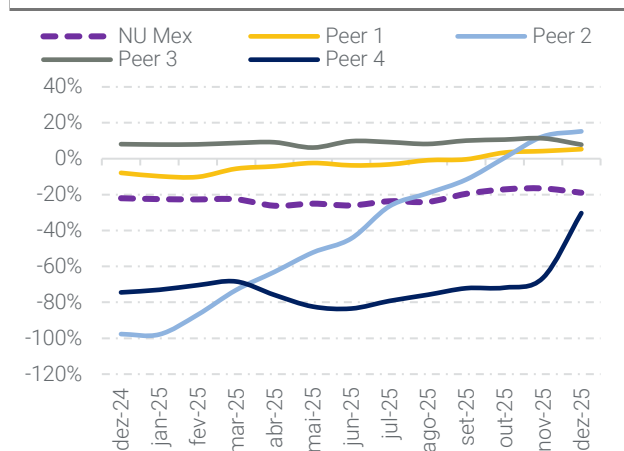


Figure 33: Selected Players' ROE (%)



Mexico as an emerging driver of consolidated growth. When comparing Nu's Mexico operation with the consolidated business, we note some interesting points. There remains significant room for penetration within the total client base in Mexico. As a proxy, Nu's penetration of the adult population in Brazil currently stands at ~62%, while in Mexico it is closer to ~15%. In addition, the bank continues to optimize its loan-to-deposit ratio, which at the holding level currently stands around ~80%, whereas in Mexico the metric is closer to ~30%. As the Mexico operation continues to ramp up, we believe the bank should point to accelerating top-line momentum, which remains only marginally reflected in consolidated results at this stage, thereby serving as a potential trigger for expectation revisions over the coming periods.

Figure 34: Nu # of Clients (mn)

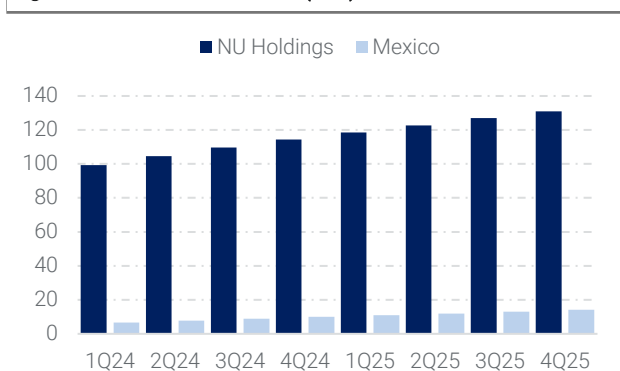


Figure 35: Nu Total Portfolio (\$ mn)

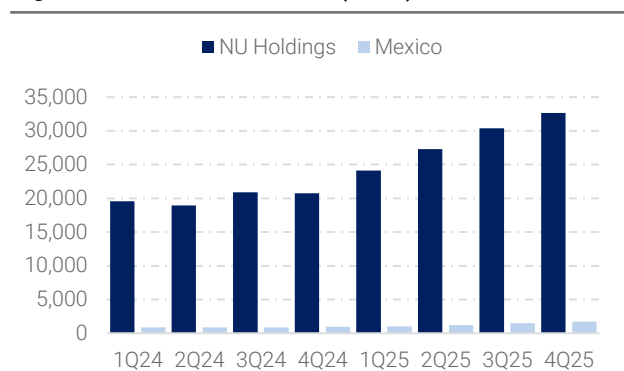
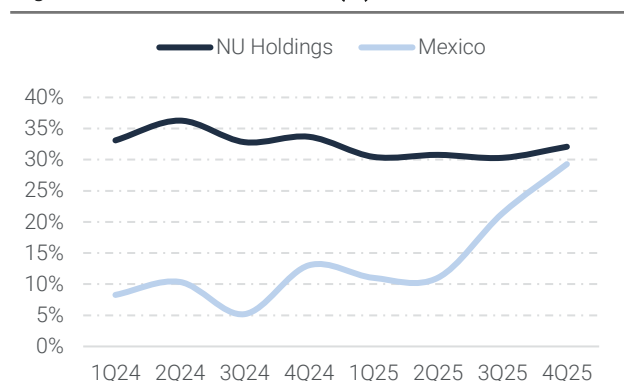


Figure 36: Nu Deposits Evolution (\$ mn)



Figure 37: Nu NIM Evolution (%)



NIM still catching up. When we look in isolation at Nu's credit NIM, we see that it explains a large part of the profitability ramp-up at the consolidated level, although there is still significant room to reach profitability levels comparable to those of the holding company. Structurally, we see a lower funding cost in Mexico compared to Brazil, as in nominal terms it already runs below the consolidated level, but still at around ~130% of TIIE, which should normalize to at least 100% (a conservative scenario, given that in Brazil it runs at 80–90% of CDI). In addition, we see the bank on a trajectory of increasing spreads as it consolidates its positioning in the country, which should support margin expansion over the coming periods.

Figure 38: Nu Cost of Funding Evolution (%)

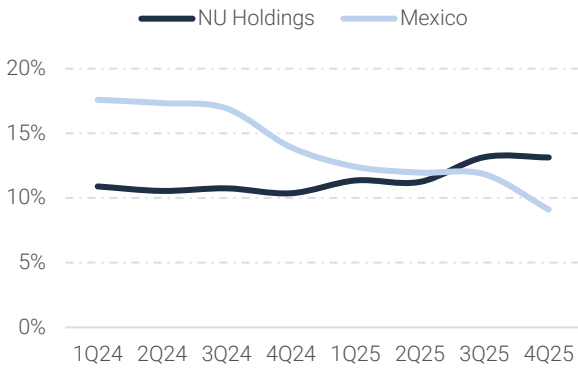
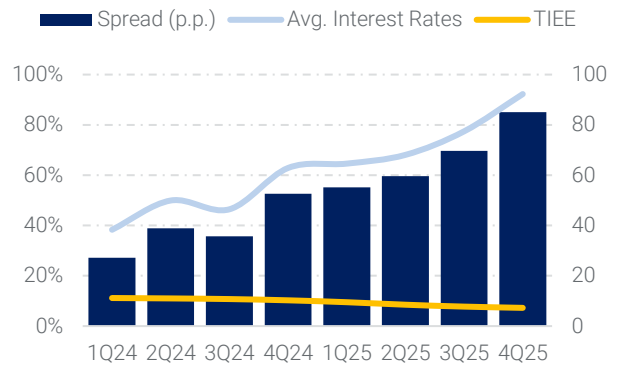


Figure 39: Nu Mexico Spreads Evolution (%)



Regarding cost of risk, we highlight a yellow flag. Currently, NPL 90+ levels in Mexico are running above those observed at the consolidated level, while reported cost of risk remains decreasing. Although the Mexican operation may structurally sustain a lower cost of risk over the long term, coverage levels appear significantly below those of the consolidated operation (c. 100% vs. ~300%). This suggests a limited buffer to absorb potential deterioration in credit quality. Given that the bank is still in a ramp-up phase in the country, we see room for upward pressure on cost of risk in the coming periods, or, at the very least, we believe it should not be viewed as the main driver of profitability improvement for the international operation in the near term.

Figure 40: Nu NPL Ratios Evolution (%)

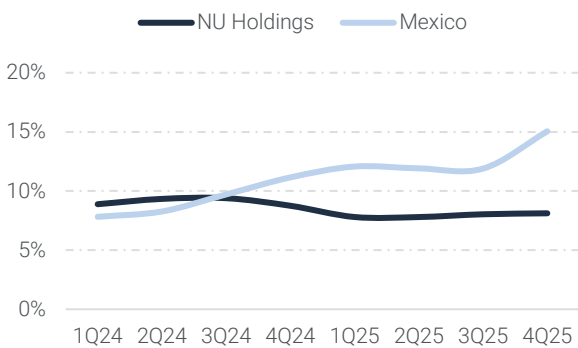


Figure 41: Nu Cost of Risk Evolution (%)

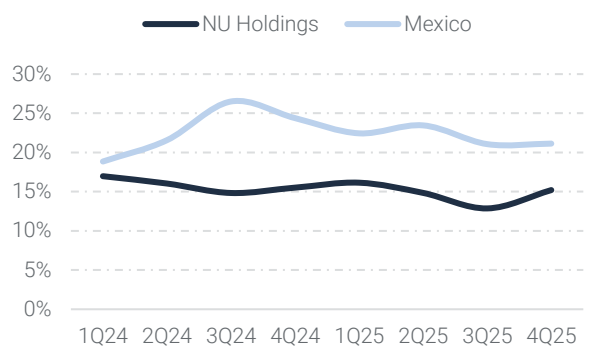


Figure 42: Nu Adj. NII Evolution (\$ mn)

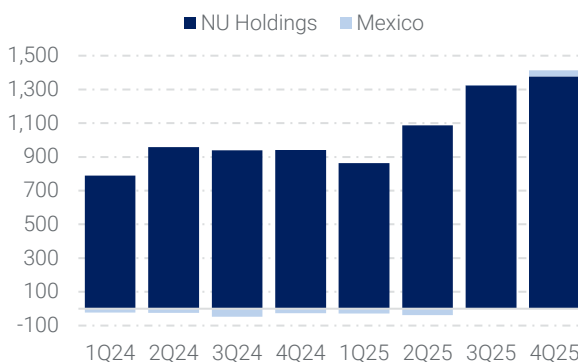
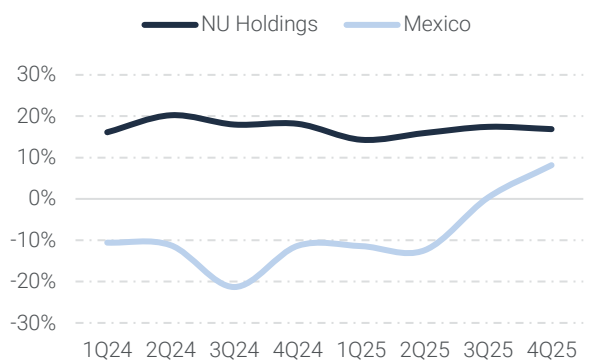


Figure 43: Nu Adj. NIM Evolution (%)



Nubank

The Earnings Power Behind the Story

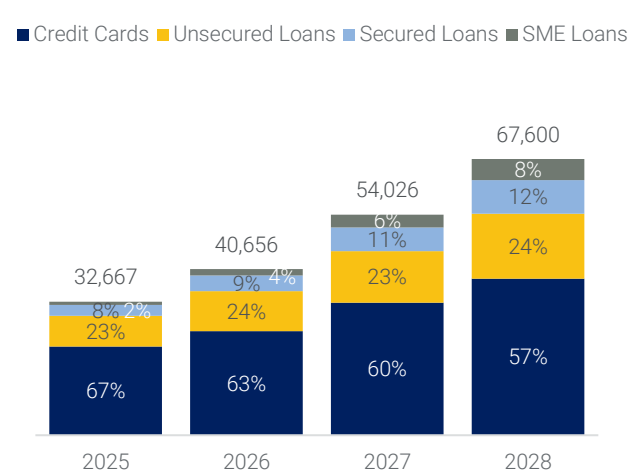
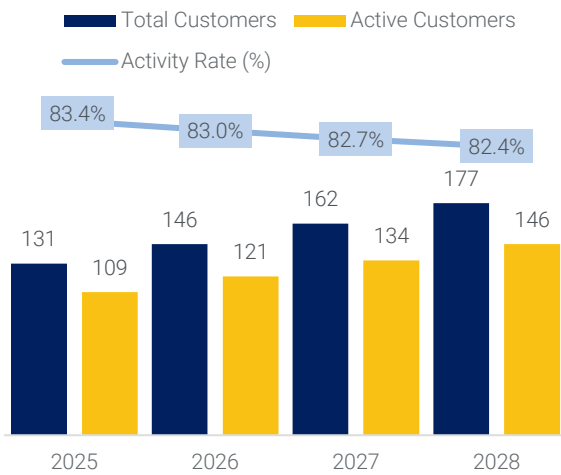
Many Engines, One Flywheel

A high-efficiency model, diversified growth, sustainable profitability

Multiples engines, one strategy. We expect Nu to remain on its accelerated client acquisition trajectory, with the anticipated deceleration in Brazil being offset by expansion in other geographies, particularly Mexico. However, due to portfolio mix effects, we expect a slight decline in the consolidated activity rate, albeit still at record-high levels for the industry. This scenario should act as a driver for continued growth of the bank's portfolio over the coming periods. While cards should remain the bank's core product in the short to medium term, we expect other lending lines to gain traction, particularly secured loans and SME lending. We highlight that this development does not alter the bank's strategy of serving underserved customers through a low-cost, data-driven, and fully digital model, still underpinned by the bank's competitive advantages.

Figure 44: Nu Customers Evolution (mn)

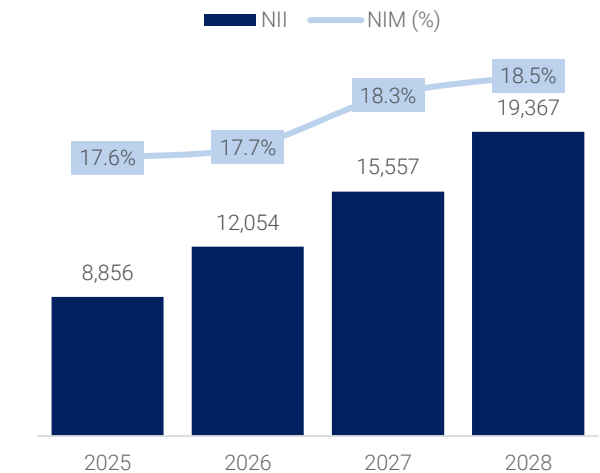
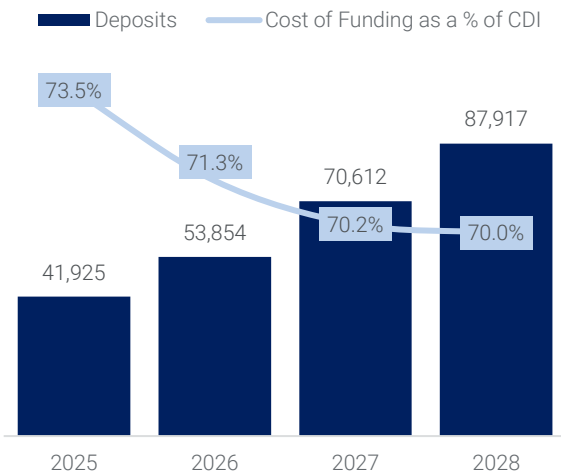
Figure 45: Nu Portfolio Evolution (\$ mn)



Health funding, profitable growth. We expect portfolio growth to be accompanied by the maintenance of healthy funding levels, with Mexico's normalization offsetting Nu's funding strategy through "Caixinhas," particularly in Brazil. We assume the bank will remain aggressive in sustaining deposit growth even in a declining interest rate environment, supported by the continued momentum of its international expansion. That said, as collateralized products gain relevance and competition intensifies in unsecured lending, we also expect some pressure on spreads. Still, we believe Nu will be able to sustain high profitability levels amid portfolio expansion, benefiting from a lower cost of funding offsetting more competitive spreads to consolidate its position in new lending verticals, leading to a slightly higher NIMs.

Figure 46: Nu Deposits and Cost of Funding (\$ mn)

Figure 47: Nu NII and NIM Evolution (\$ mn)



Paying upfront for sustainable growth. Alongside the improvement in gross margins, we see a slight expansion in risk-adjusted profitability metrics in the short-term. This reflects both the bank's high efficiency in credit underwriting, supported by recent initiatives such as the acquisition of Hyperplane and limit-expansion strategies, as well as growth through collateralized products, which should start to gain traction. Beyond signaling higher forward-looking profitability, we also see this dynamic as providing a buffer to absorb potential pressures on credit quality in a consolidated perspective.

Against this backdrop, the recent increase in cost of risk should be viewed primarily as a timing effect rather than a sign of structural deterioration. Much of recent CoR pressure is explained by the expansion of unused credit limits policy (CLIP), enabled by improved AI-based predictive models. Unused limits increased from \$18 bn to \$29 bn (+60%), creating a growth mechanism that unfolds in stages: higher limits lead to greater purchasing volumes, which then translate into revenue. So far, only the 1st stage has materialized, already visible in a ~50 bps gain in card volume market share in Brazil in 4Q25. The key point is that provisions are booked ahead of revenue, leading to the recent pressure on CoR. Importantly, management signaled that this is not a one-off effect for 2025, but a multi-year process expected to continue through 2026–27, with further rollout across geographies such as Mexico and Colombia. As a result, and given the ramp-up in other geographies, we do not expect a meaningful improvement in this indicator over the coming years.

Figure 48: Evolution of Nu Unused Limits (\$ mn)

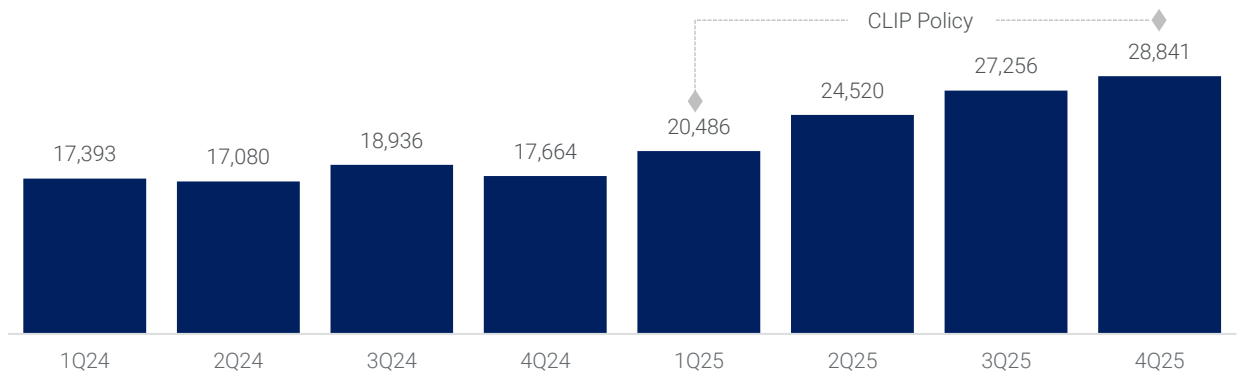


Figure 49: Nu ECL and Cost of Risk (\$ mn)

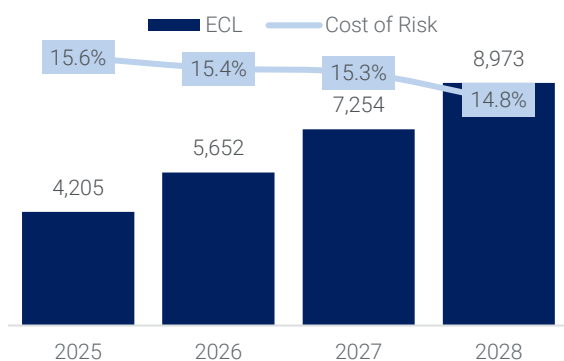
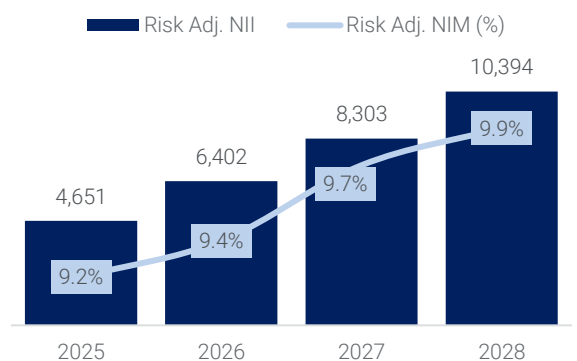


Figure 50: Risk Adj. NII and NIM Evolution (\$ mn)



Short-term noise, long-term leverage. We expect short-term pressure on operating expenses to be intentional and transitory, without altering the bank's long-term operating leverage thesis. This pressure is mainly concentrated in three fronts: (i) the gradual return to the office, which requires an expansion of physical office space and is expected to add roughly 80–100 bps to the ER over the next 4–6 quarters; (ii) stepped-up investments in technology and AI, including talent hiring, R&D initiatives, and infrastructure such as GPUs; and (iii) upfront costs related to preparing the organization for international expansion. Management appears willing to accept near-term efficiency deterioration in exchange for structurally stronger profitability, improved credit and operating capabilities, and a more scalable platform. We see these investments as reinforcing the bank's brand positioning, supporting international growth, and enabling sustained portfolio expansion, ultimately strengthening operating leverage as revenues continue to scale faster than costs.

Figure 51: Nu Expenses and ER (\$ mn)

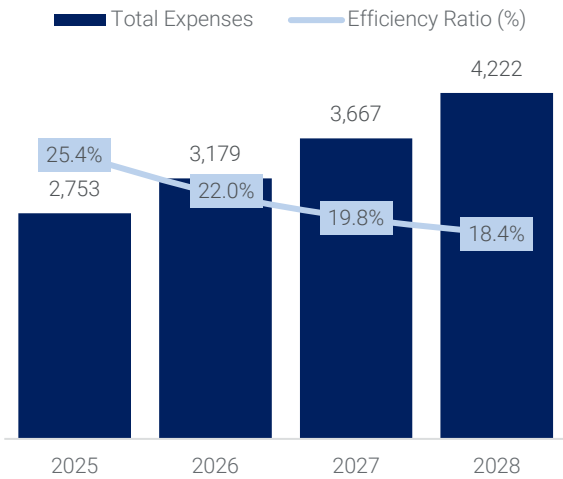
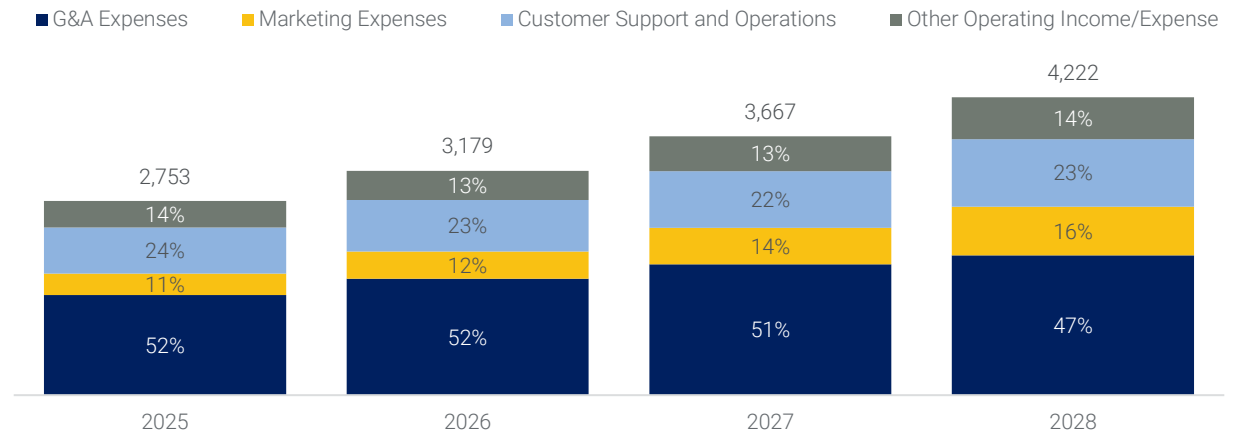


Figure 52: OpEx Sensitivity Analysis - 2026

OpEx vs. Base	Eff. Ratio (%)	ROE (%)	ROE (bps)
Base Case	22.0%	30.6%	-
5%	22.2%	30.4%	-20
10%	22.5%	30.3%	-30
15%	22.8%	30.1%	-50
20%	23.0%	29.9%	-70
25%	23.2%	29.8%	-80
30%	23.5%	29.6%	-100
50%	24.3%	29.0%	-160
75%	25.3%	28.4%	-220
100%	26.1%	27.8%	-280
150%	27.6%	26.8%	-380

Figure 53: Breakdown of Expenses Evolution (\$ mn)



Scaling with high returns. All in all, despite an expected tax expenses pressure, we project a continued and accelerated expansion in the bank's earnings and profitability, which should normalize around ~33% ROE over the coming years. This earnings expansion should further strengthen the bank's capital levels, which is essential for entering new markets, particularly the United States. In addition, it creates room for potential dividend payments over the coming years, although no distributions are expected in the short term.

Figure 54: Nu Net Income and ROE (\$ mn)

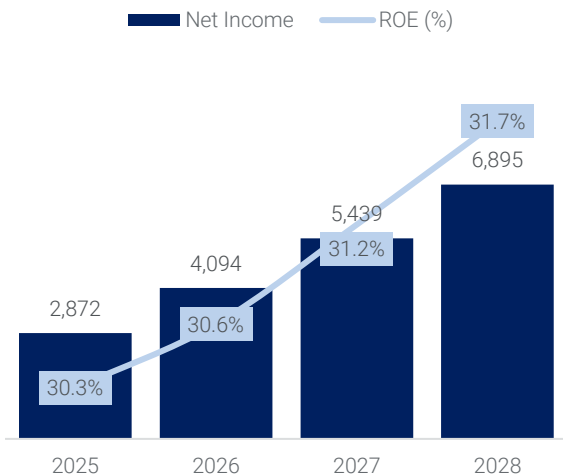
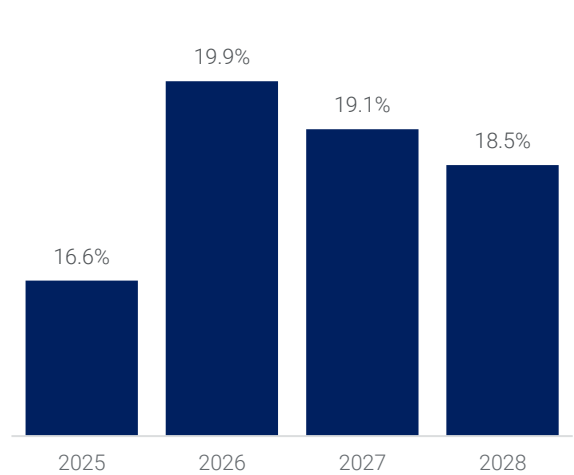


Figure 55: Nu Basel Index Evolution (%)



Nubank

Putting a Price on the Opportunity

Valuation

Our valuation implies an upside of ~50%

Valuation. Our 2026YE DDM-based TP of \$21.0 per share presents an upside of 54.4% vs. current prices, with roughly 65% 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 (iii) beta at 1.2, implying a cost of equity (Ke) of 12.7%.

We see an attractive entry point. As shown below, several factors give us confidence to initiate a position at current levels: (i) a recent ~20% decline in the share price not accompanied by earnings revisions; (ii) one of the most attractive PEG ratios in our coverage universe; and (iii) P/E and P/B multiples at historical lows.

Figure 56: Nu Earnings Revisions vs. Share Prices (\$; \$/Shr.)



Figure 57: P/E 26 Multiples vs. ROE 26 (x; %)

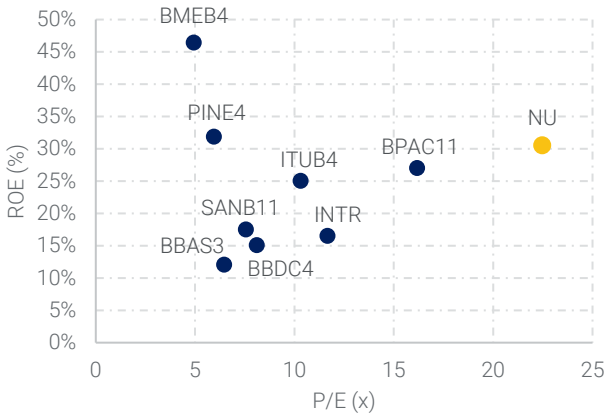


Figure 58: PEG 26 Multiples vs. ROE 26 (x; %)

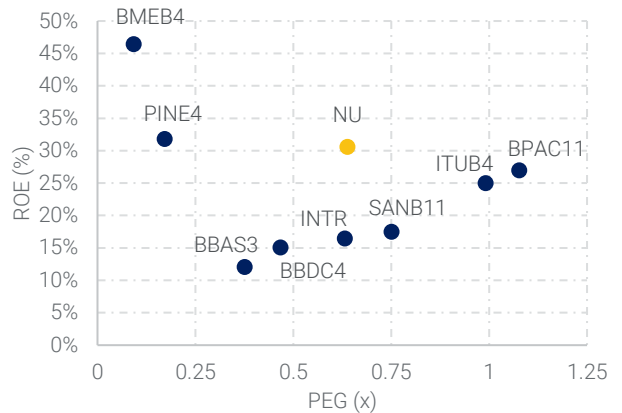


Figure 59: Historical Nu P/E FY (x)

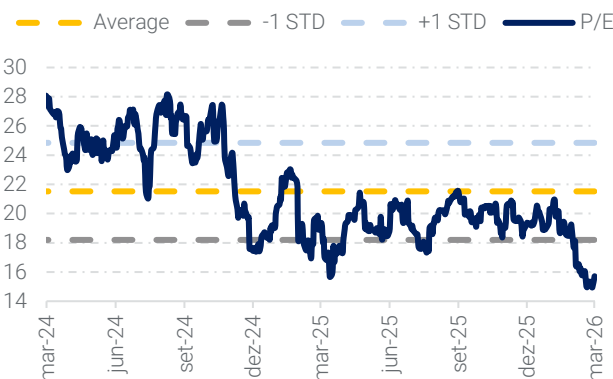
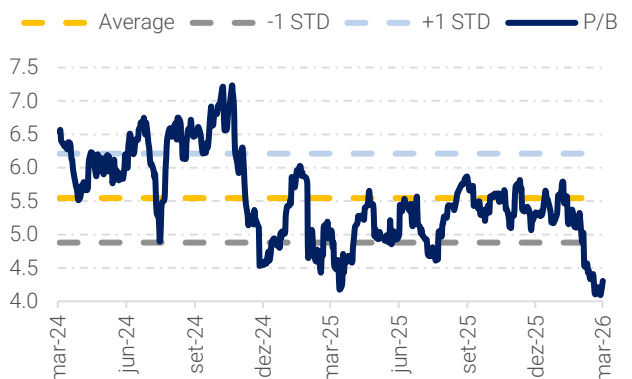


Figure 60: Historical Nu P/B FY (x)



Equity Research: Banks & Non-Bank Financials

We view Nu's recent share price pullback largely as a reflection of broader macro headwinds rather than company-specific factors. The move has been closely aligned with rising global risk aversion and a generalized de-rating of high-growth and tech companies. In this context, Nu's underperformance appears largely conjunctural, driven by multiple compression and market sentiment, rather than any deterioration in fundamentals or execution. As such, we see the recent correction as much more macro-driven than micro-driven, supporting an interesting entry point.

Figure 61: Stock Performance Analysis (\$)

Companies	Current Price	Mkt Cap. (\$ mn)	Last Week	Last 30 Days	2026 (YTD)	Feb-26	Jan-26	Dec-25	Nov-25	2025
Nyse	21,633		-1%	-8%	-2%	3%	3%	1%	2%	15%
Financials										
Nubank	13.60	65,900	-7%	-9%	-19%	-16%	6%	-4%	8%	62%
Itau	7.91	86,475	-3%	-12%	12%	5%	21%	0%	6%	85%
Santander Brasil	5.60	21,008	-3%	-14%	-8%	-5%	13%	-3%	11%	73%
Bradesco	3.54	35,135	-3%	-14%	7%	2%	22%	-8%	9%	99%
Inter	7.71	3,394	-8%	-11%	-9%	-7%	10%	-7%	-1%	101%
SoFi Technologies	15.23	19,422	-11%	-14%	-42%	-22%	-13%	-12%	0%	70%
Lending Club	13.87	1,590	-6%	-7%	-27%	-12%	-11%	5%	4%	17%
Upstart	24.77	2,350	-11%	-9%	-43%	-31%	-10%	-3%	-5%	-29%
Robinhood	66.02	59,438	-9%	-13%	-42%	-24%	-12%	-12%	-12%	204%
Mercado Libre	1599.52	81,091	-4%	-9%	-21%	-18%	7%	-3%	-11%	18%
Stone	13.46	3,300	-4%	-20%	-9%	4%	9%	-12%	-11%	86%
PagSeguro	9.65	2,950	-3%	-9%	1%	-6%	18%	-8%	9%	58%
Wise	12.03	12,339	1%	4%	0%	-10%	8%	3%	-8%	-10%
Adyen	994.75	31,371	-2%	-15%	-38%	-21%	-8%	4%	-9%	9%
KakaoBank	16.18	7,718	2%	-14%	8%	19%	5%	2%	-9%	5%

Figure 62: Relative Valuation Analysis – P/E 2026

Company	2016-24	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Current	MoM	YTD	vs. Avg.
LatAm										
Nubank	26.1x	19.4x	19.2x	18.3x	18.5x	17.5x	13.9x	-21%	-22%	-47%
Itau	8.9x	7.8x	8.1x	8.0x	8.5x	9.6x	8.4x	-13%	5%	-6%
Bradesco	8.0x	6.1x	6.5x	6.2x	6.5x	7.2x	6.5x	-9%	9%	-19%
Santander Brasil	9.8x	6.4x	7.2x	7.1x	7.4x	7.4x	6.1x	-17%	-14%	-37%
Inter	12.8x	11.8x	11.7x	10.6x	11.0x	10.9x	9.2x	-16%	-12%	-28%
Mercado Libre	58.0x	35.8x	35.7x	33.8x	34.6x	31.3x	27.7x	-11%	-15%	-52%
Stone	30.2x	9.5x	8.5x	7.8x	8.0x	8.6x	6.3x	-26%	-19%	-79%
PagSeguro	20.5x	5.9x	6.2x	6.4x	6.7x	6.7x	6.0x	-10%	-4%	-71%
US										
SoFi Technologies	54.0x	51.1x	46.3x	44.8x	41.8x	29.2x	21.5x	-26%	-49%	-60%
Lending Club	26.9x	11.6x	11.2x	12.1x	11.8x	8.7x	7.2x	-17%	-37%	-73%
Upstart	34.4x	18.8x	14.5x	16.4x	15.3x	11.1x	8.4x	-25%	-42%	-76%
Affirm	n.m.	60.0x	51.6x	49.4x	48.2x	32.9x	24.2x	-27%	-51%	-
Robinhood	49.6x	65.3x	52.5x	48.6x	42.7x	30.6x	25.9x	-16%	-41%	-48%
Europe										
Wise	36.4x	26.9x	25.5x	24.6x	24.2x	22.8x	23.2x	2%	-6%	-36%
Adyen	59.4x	36.8x	33.9x	33.0x	33.2x	25.1x	20.7x	-17%	-37%	-65%
Asia										
KakaoBank	33.3x	19.6x	19.0x	19.1x	19.2x	21.7x	19.8x	-9%	4%	-41%

XP Estimates (Summary)

Our numbers

Figure 63: XP Estimates

	2025	2026	2027	2028
Consolidated Income Statement (\$ mn)				
Operating Revenue	15,775	20,496	25,091	30,139
Net Interest Income NII	8,856	12,054	15,557	19,367
Cost of Credit	-4,205	-5,652	-7,254	-8,973
Risk Adj. NII	4,651	6,402	8,303	10,394
Fee & Commission	2,340	2,839	3,479	4,208
Total Expenses	-2,753	-3,179	-3,667	-4,222
EBT	3,868	5,638	7,635	9,777
Income Tax and Social Contribution	-997	-1,544	-2,196	-2,882
Tax rate (%)	-26%	-27%	-29%	-29%
Net Income	2,872	4,094	5,439	6,895
Consolidated Balance Sheet (\$ mn)				
Current and Long-term Assets	74,894	91,234	114,851	138,204
Loan, Lease and Other Credits Operations	41,518	50,954	68,527	85,746
Current and Long-term Liabilities	63,572	75,819	95,356	114,227
Deposits	60,741	72,442	91,109	109,140
Shareholder's Equity	11,322	15,415	19,495	23,977
Valuation				
Market Cap (\$ mn)	-	65,488	65,488	65,488
P/BV	-	4.2	3.4	2.7
P/E	-	16.0	12.0	9.5
DPS	-	-	0.3	0.5
Payout (%)	-	-	25%	35%
Dividend Yield (%)	-	-	2.1%	3.7%
EPS	-	0.8	1.1	1.4
ROE (%)	30.3%	30.6%	31.2%	31.7%
Common Equity Tier I (%)	13.0%	16.5%	16.4%	16.4%
BIS Ratio (%)	16.6%	19.9%	19.1%	18.5%
Cost of Risk (%)	15.6%	15.4%	15.3%	14.8%

Figure 64: New vs. Old

Key Estimates (\$ mn)	2026			2027			2028		
	New	Old	New vs Old (%)	New	Old	New vs Old (%)	New	Old	New vs Old (%)
Operating Revenue	20,496	18,147	13%	25,091	22,095	14%	30,139	27,517	10%
NII	12,054	10,170	19%	15,557	11,902	31%	19,367	15,510	25%
NIM (%)	17.68%	14.21%	347 bps	18.25%	13.19%	506 bps	18.47%	14.01%	446 bps
Fee & Commission	2,839	2,982	-5%	3,479	3,512	-1%	4,208	4,382	-4%
Allowance for Loan Losses	-5,652	-5,179	9%	-7,254	-5,848	24%	-8,973	-6,626	35%
Operating Expenses	-3,179	-2,775	15%	-3,667	-3,041	21%	-4,222	-3,427	23%
EBT	5,638	4,900	15%	7,635	6,183	23%	9,777	9,450	3%
Recurring Net Income	4,094	3,746	9%	5,439	4,727	15%	6,895	7,088	-3%
Credit Portfolio (\$ mn)	40,656	33,782	20%	54,026	41,978	29%	67,600	50,326	34%
ROE (%)	30.6%	30.5%	8 bps	31.2%	31.9%	-76 bps	31.7%	39.8%	-805 bps

Figure 65: XP vs. Consensus

Key Estimates (\$ mn)	2026			2027			2028		
	XPe	Cons.	XP vs Cons. (%)	XPe	Cons.	XP vs Cons. (%)	XPe	Cons.	XP vs Cons. (%)
Operating Revenue	20,496	20,092	2%	25,091	24,948	1%	30,139	29,141	3%
EBT	5,638	5,804	-3%	7,635	7,669	0%	9,777	9,888	-1%
Recurring Net Income	4,094	4,137	-1%	5,439	5,441	0%	6,895	6,731	2%
ROE (%)	30.6%	31.7%	-110 bps	31.2%	31.3%	-13 bps	31.7%	31.0%	70 bps

Nubank

Risks

Risks

Assessing the main risks to the investment thesis

Credit quality. Credit quality represents a key risk for Nubank, as NPLs and cost of risk could rise if macro conditions deteriorate or if rapid portfolio growth leads to weaker underwriting discipline. On the upside, Nubank could outperform expectations as its data-driven credit models mature, leveraging richer customer data, behavioral signals and AI-based analytics to improve underwriting accuracy.

Impact: High.

+/- 25% in Cost of Risk could change our TP by (-) -22%; (+) +22%.

Spreads. NIM could face downside risk amid intensifying competition, particularly as incumbents and fintech peers become more aggressive on pricing to defend or gain market share. Conversely, Nubank may sustain or even expand spreads given its differentiated value proposition, strong brand, and ability to price risk dynamically.

Impact: High

-/+ 10% in Spreads could change our TP by (-) -19%; (+) +15%.

Portfolio size and growth. Portfolio growth could disappoint if Nubank faces execution challenges in international expansion or struggles to consistently deliver compelling value propositions in new products or markets. Regulatory hurdles, competitive intensity, or slower customer adoption could constrain balance sheet growth. On the upside, Nubank's scalable platform, strong brand recognition and proven execution track record could drive faster-than-expected portfolio expansion.

Impact: High

-/+ 20% in Lending Portfolio could change our TP by (-) -17%; (+) +14%.

Funding costs. Funding costs could increase if competition for deposits intensifies, forcing Nubank to offer higher rates to maintain liquidity, especially during periods of tighter financial conditions. As the bank scales, marginal funding may become more expensive than in earlier stages. On the upside, Nubank's high account primacy and strong customer trust could continue to attract low-cost retail deposits organically. Greater customer engagement across payments, savings and investments may reinforce a stable and relatively cheap funding base over the long term.

Impact: High



+/- 20% in Deposits Cost of Funding could change our TP by (-) -13%; (+) +9%.

Marketing expenses. Marketing expenses may remain elevated as Nubank invests heavily to support international expansion and defend its position in an increasingly competitive landscape. However, upside exists as Nubank benefits from strong brand awareness, word-of-mouth acquisition and digital distribution. As customer cohorts mature and scaling effects kick in, marketing efficiency and operating leverage could improve materially, leading to lower-than-expected expense growth relative to revenues.

Impact: Medium

+/- 20% in Marketing Expenses could change our TP by (-) -5%; (+) +3%.

Figure 66: Scenario Analysis

Scenario	Variable	Period					Downside/Up-side Potential (%)
		2026	2027	2028	2029	2030	
 Bear	Credit Portfolio	40,179	52,600	64,801	78,603	91,611	-52.4%
	NII	10,554	13,221	15,921	18,913	22,126	
	Cost of Risk	17.1%	17.2%	16.8%	16.8%	16.6%	
 Bull	Credit Portfolio	41,147	55,553	70,710	88,124	105,042	+47.6%
	NII	12,871	17,079	21,862	27,408	33,394	
	Cost of Risk	14.5%	14.3%	13.5%	13.1%	12.7%	

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