Nu Holdings Ltd.

Unaudited Interim Condensed Consolidated Financial Statements for the three and nine-month periods ended September 30, 2021

Contents

KPMG

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Nu Holdings Ltd.

Results of Review of Interim Financial Information

We have reviewed the interim condensed consolidated statement of financial position of Nu Holdings Ltd. and subsidiaries (the Company) as of September 30, 2021, the related interim condensed consolidated statements of profit or loss and comprehensive income or loss for the three and nine-month periods ended September 30, 2021 and 2020, the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standard Board (IASB).

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2020, and the related con solidated statements of profit or loss, comprehensive income or loss, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated September 10, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

KPMG Auditores Independentes Ltda.
KPMG Auditores Independentes Ltda.

São Paulo, Brazil
October 29, 2021

Unaudited Interim Condensed Consolidated Statements of Profit or Loss
For the three and nine-month periods ended September 30, 2021 and 2020
(In thousands of U.S. Dollars, except earnings per share)

		Three-month period ended		Nine-month period ended	
	Note	**9/30/2021**	**9/30/2020**	**9/30/2021**	**9/30/2020**
Interest income and gains (losses) on financial instruments	**6**	294,958	70,140	607,196	293,267
Fee and commission income	**6**	185,949	85,946	454,862	241,301
Total revenue		**480,907**	**156,086**	**1,062,058**	**534,568**
Interest and other financial expenses	**6**	(101,393)	(23,984)	(190,372)	(82,535)
Transactional expenses	**6**	(28,560)	(31,910)	(84,691)	(87,650)
Credit loss allowance expenses	**7**	(127,005)	(32,939)	(280,967)	(113,783)
Total cost of financial and transactional services provided		**(256,958)**	**(88,833)**	**(556,030)**	**(283,968)**
Gross profit		**223,949**	**67,253**	**506,028**	**250,600**
Operating expenses					
Customer support and operations	**8**	(51,649)	(28,930)	(124,747)	(95,456)
General and administrative expenses	**8**	(166,527)	(56,788)	(404,670)	(184,391)
Marketing expenses	**8**	(25,568)	(4,088)	(45,066)	(11,526)
Other income (expenses)	**8**	(1,962)	(2,106)	(13,207)	(25,446)
Total operating expenses		**(245,706)**	**(91,912)**	**(587,690)**	**(316,819)**
Results with convertible instruments		-	(13,187)	-	(13,187)
Loss before income taxes		**(21,757)**	**(37,846)**	**(81,662)**	**(79,406)**
Income taxes					
Current taxes	**26**	(66,374)	(182)	(150,130)	(9,107)
Deferred taxes	**26**	53,774	5,466	132,732	24,079
Total income taxes		**(12,600)**	**5,284**	**(17,398)**	**14,972**
Loss for the period		**(34,357)**	**(32,562)**	**(99,060)**	**(64,434)**
Loss attributable to shareholders of the parent company		*(34,212)*	*(32,562)*	*(98,915)*	*(64,434)*
Loss attributable to non-controlling interests		*(145)*	-	*(145)*	-
Loss per share – Basic and Diluted	**9**	**(0.0240)**	**(0.0247)**	**(0.0717)**	**(0.0492)**
Weighted average number of outstanding shares – Basic and Diluted (in thousands of shares)	**9**	**1,423,876**	**1,320,606**	**1,379,271**	**1,309,861**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income or Loss
For the three and nine-month periods ended September 30, 2021 and 2020
(In thousands of U.S. Dollars)

	Note	Three-month period ended		Nine-month period ended	
		9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Loss for the period		**(34,357)**	**(32,562)**	**(99,060)**	**(64,434)**
Other comprehensive income or loss:					
Effective portion of changes in fair value		2,048	(530)	343	10,019
Reclassified to profit or loss		760	(2,349)	408	(5,266)
Deferred income taxes		(1,122)	1,152	(294)	(1,901)
Cash flow hedge	**16**	**1,686**	**(1,727)**	**457**	**2,852**
Changes in fair value		957	-	1,124	-
Deferred income taxes		(437)	-	(504)	-
Financial assets at fair value through other comprehensive income		**520**	**-**	**620**	**-**
Currency translation on foreign operations		**(32,490)**	**(6,458)**	**(3,725)**	**(71,958)**
Total other comprehensive income or loss that may be reclassified to profit or loss subsequently		**(30,284)**	**(8,185)**	**(2,648)**	**(69,106)**
Changes in fair value - own credit adjustment		(319)	52	(868)	96
Total other comprehensive income or loss that will not be reclassified to profit or loss subsequently	**17**	**(319)**	**52**	**(868)**	**96**
Total other comprehensive loss, net of tax		**(30,603)**	**(8,133)**	**(3,516)**	**(69,010)**
Total comprehensive loss for the period		**(64,960)**	**(40,695)**	**(102,576)**	**(133,444)**
Total comprehensive loss attributable to shareholders of the parent company		*(64,815)*	*(40,695)*	*(102,431)*	*(133,444)*
Total comprehensive loss attributable to non-controlling interests		*(145)*	-	*(145)*	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Financial Position
As of September 30, 2021 and December 31, 2020
(In thousands of U.S. Dollars)

	Note	9/30/2021	12/31/2020
Assets			
Cash and cash equivalents	**11**	1,996,725	2,343,780
Financial assets at fair value through profit or loss		4,780,936	4,378,118
Securities	**12**	*4,680,014*	*4,287,277*
Derivative financial instruments	**16**	*89,543*	*80*
Collateral for credit card operations	**19**	*11,379*	*90,761*
Financial assets at fair value through other comprehensive income		1,837,715	-
Securities	**12**	*1,837,715*	-
Financial assets at amortized cost		5,335,867	3,150,013
Compulsory deposits at central banks		*422,649*	*43,542*
Credit card receivables	**13**	*4,061,505*	*2,908,907*
Loans to customers	**14**	*792,736*	*174,694*
Interbank transactions		*19,749*	-
Other financial assets at amortized cost		*39,228*	*22,870*
Other assets	**15**	171,170	123,495
Deferred tax assets	**26**	328,458	125,131
Right-of-use assets		7,454	10,660
Property, plant and equipment		12,106	9,850
Intangible assets	**1**	61,847	12,372
Goodwill	**1**	393,820	831
Total assets		**14,926,098**	**10,154,250**

Unaudited Interim Condensed Consolidated Statements of Financial Position
As of September 30, 2021 and December 31, 2020
(In thousands of U.S. Dollars)

	Note	9/30/2021	12/31/2020
Liabilities			
Financial liabilities at fair value through profit or loss		99,169	90,796
Derivative financial instruments	**16**	*86,638*	*75,304*
Instruments eligible as capital	**17**	*12,531*	*15,492*
Financial liabilities at amortized cost		12,378,683	9,421,710
Deposits	**18**	*8,089,835*	*5,584,862*
Payables to credit card network	**19**	*4,127,691*	*3,331,258*
Borrowings and financing	**20**	*134,398*	*97,454*
Securitized borrowings	**20**	*26,759*	*79,742*
Senior preferred shares	**23**	*-*	*328,394*
Salaries, allowances and social security contributions		68,506	25,848
Tax liabilities		166,326	30,782
Lease liabilities		8,748	12,014
Provision for lawsuits and administrative proceedings	**21**	16,223	16,469
Deferred income	**22**	29,419	25,965
Deferred tax liabilities	**26**	81,440	8,741
Other liabilities		172,181	83,814
Total liabilities		**13,020,695**	**9,716,139**
Equity			
Share capital	**27**	81	45
Share premium reserve	**27**	2,113,501	638,007
Accumulated gain (losses)	**27**	(108,893)	(102,441)
Other comprehensive income (loss)	**27**	(101,016)	(97,500)
Equity attributable to shareholders of the parent company		**1,903,673**	**438,111**
Equity attributable to non-controlling interests		1,730	-
Total equity		**1,905,403**	**438,111**
Total liabilities and equity		**14,926,098**	**10,154,250**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the nine-month periods ended September 30, 2021 and 2020
(In thousands of U.S. Dollars)

				Other comprehensive income/loss			
	Share capital	**Share premium reserve**	**Accumulated gains (losses)**	**Translation reserve**	**Cash flow hedge reserve**	**Own credit revaluation reserve**	**Total equity**
Balances as of December 31, 2019	**45**	**631,246**	**28,189**	**(46,981)**	**1**	**(249)**	**612,251**
Loss for the nine-month period	-	-	(64,434)	-	-	-	(64,434)
Share-based payments granted, net of shares withheld for employee taxes	-	-	21,608	-	-	-	21,608
Stock options exercised	-	2,765	-	-	-	-	2,765
Shares repurchased	-	(16)	-	-	-	-	(16)
Other comprehensive income or loss, net of tax							
Cash flow hedge	-	-	-	-	*2,852*	-	*2,852*
Currency translation on foreign entities	-	-	-	*(71,958)*	-	-	*(71,958)*
Own credit adjustment	-	-	-	-	-	*96*	*96*
Balances as of September 30, 2020	**45**	**633,995**	**(14,637)**	**(118,939)**	**2,853**	**(153)**	**503,164**

	Attributable to shareholders of the parent company									
				Other comprehensive income/loss						
	Share capital	Share premium reserve	Accumulated gains (losses)	Translation reserve	Cash flow hedge reserve	Financial Assets at FVTOCI	Own credit revaluation reserve	Total	Total non-controlling interests	Total equity
Balances as of December 31, 2020	**45**	**638,007**	**(102,441)**	**(97,081)**	**49**	**-**	**(468)**	**438,111**	**-**	**438,111**
Loss for the nine-month period	-	-	(98,915)	-	-	-	-	(98,915)	(145)	(99,060)
Share-based payments granted, net of shares withheld for employee taxes	-	-	92,463	-	-	-	-	92,463	-	92,463
Stock options exercised	-	7,835	-	-	-	-	-	7,835	-	7,835
Shares issued on business acquisition	-	271,229	-	-	-	-	-	271,229	-	271,229
Issuance of preferred shares - Series F-1 (note 27)	5	400,910	-	-	-	-	-	400,915	-	400,915
Issuance of preferred shares - Series G (note 27)	3	399,997	-	-	-	-	-	400,000	-	400,000
Issuance of preferred shares - Series G-1 (note 27)	28	399,972	-	-	-	-	-	400,000	-	400,000
Shares repurchased (note 27)	-	(4,449)	-	-	-	-	-	(4,449)	-	(4,449)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	1,875	1,875
Other comprehensive income or loss, net of tax (note 27)										
Cash flow hedge	-	-	-	-	*457*	-	-	*457*	-	*457*
Other comprehensive income (loss)	-	-	-	-	-	*620*	-	*620*	-	*620*
Currency translation on foreign entities	-	-	-	*(3,725)*	-	-	-	*(3,725)*	-	*(3,725)*
Own credit adjustment	-	-	-	-	-	-	*(868)*	*(868)*	-	*(868)*
Balances as of September 30, 2021	**81**	**2,113,501**	**(108,893)**	**(100,806)**	**506**	**620**	**(1,336)**	**1,903,673**	**1,730**	**1,905,403**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2021 and 2020
(In thousands of U.S. Dollars)

	Note	9/30/2021	9/30/2020
Cash flows from operating activities			
Reconciliation of profit (loss) to net cash flows from operating activities:			
Loss for the nine-month period		**(99,060)**	**(64,434)**
Adjustments:			
Depreciation and amortization	8	10,896	3,783
Credit loss allowance expenses	**7**	299,404	126,184
Deferred income taxes	**26**	(132,732)	(24,079)
Provision for lawsuits and administrative proceedings	**21**	502	338
Gains (losses) on financial instruments		161,370	13,067
Interest accrued		7,186	22,770
Stock options granted		79,729	20,157
		327,295	**97,786**
Changes in operating assets and liabilities:			
Securities		(2,279,875)	(865,895)
Compulsory deposits at central banks		(386,869)	-
Credit card receivables		(1,594,432)	652,567
Loans to customers		(875,629)	(27,279)
Interbank transactions		(20,153)	(5,008)
Other assets		19,379	77,888
Deposits		2,343,522	1,529,163
Payables to credit card network		812,739	(510,635)
Deferred income		3,525	(3,095)
Other liabilities		278,819	32,278
Interest paid		(7,950)	(4,253)
Income tax paid		(36,022)	(6,406)
Interest received		350,460	201,700
Cash flows (used in) generated from operating activities		**(1,065,191)**	**1,168,811**

	Note	9/30/2021	9/30/2020
Cash flows from investing activities			
Acquisition of fixed assets		(2,544)	(1,738)
Acquisition of intangible assets		(12,579)	(3,385)
Acquisition of subsidiary, net of cash acquired		(108,993)	(8,283)
Cash flow (used in) generated from investing activities		**(124,116)**	**(13,406)**
Cash flows from financing activities			
Proceeds from senior preferred shares	**23**	-	300,000
Issuance of preferred shares	**27**	800,000	-
Payments of securitized borrowings	**20**	(50,387)	(28,797)
Proceeds from borrowings and financing	**20**	106,393	-
Payments of borrowings and financing	**20**	(61,234)	(8,697)
Lease payments		(3,326)	(3,394)
Exercise of stock options	**27**	7,835	2,765
Shares repurchased	**27**	(4,449)	(16)
Cash flows (used in) generated from financing activities		**794,832**	**261,861**
Change in cash and cash equivalents		**(394,475)**	**1,417,266**
Cash and cash equivalents			
Cash and cash equivalents - beginning of the period	**11**	2,343,780	1,246,566
Foreign exchange rate changes on cash and cash equivalents		47,420	(606,598)
Cash and cash equivalents - end of the period	**11**	1,996,725	2,057,234
Increase (decrease) in cash and cash equivalents		**(394,475)**	**1,417,266**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(In thousands of U.S. Dollars, unless otherwise stated)

1. Operations

Nu Holdings Ltd. ("Company" or "Nu Holdings") was incorporated as an exempted Company under the Companies Law of the Cayman Islands on February 26, 2016. The address of the Company's registered office is Willow House, 4th floor, Cricket Square, Grand Cayman - Cayman Islands. Nu Holdings has no operating activities.

The Company carries investments in several operating entities and, as of September 30, 2021, the significant subsidiaries are:

- Nu Pagamentos S.A - Instituição de Pagamento (“Nu Pagamentos”) is an indirect subsidiary domiciled in Brazil. Nu Pagamentos is engaged in the issuance and administration of credit cards and payment transfers through a prepaid account, as well as participation in other companies as partner or shareholder. Nu Pagamentos has as its primary products (i) a Mastercard international credit card (issued in Brazil where it allows payments for purchases to be made in monthly installments), fully managed through a smartphone app, and (ii) “NuConta”, a 100% digital smartphone app, maintenance-free prepaid account which yields 100% of the Brazilian Interbank Certificate of Deposit rate (“CDI”), and also includes features of a traditional bank account such as: electronic and peer-to-peer transfers, bill payments, withdrawals through the “24 Hours” ATM network, instant payments, prepaid credit for mobile top ups and prepaid cards similar to debit function cards.

- Nu Financeira S.A. – SCFI (“Nu Financeira”) is an indirect subsidiary also domiciled in Brazil, launched in February 2019, with personal loans as its main product. Nu Financeira offers customers in Brazil the possibility to obtain loans that can be customized in relation to amounts, terms and conditions, number of installments, and transparent disclosure of any charges involved in the transaction, fully managed through the above-mentioned smartphone app. Loan issuance, repayment, and prepayments are available 24/7 through the “NuConta" account, directly in the app. Nu Financeira also grants credit to Nu Pagamentos credit card holders, due to overdue invoices, bill installments, revolving credit, among others.

- Nu BN Servicios México, S.A. de CV (“Nu Servicios”) is an indirect subsidiary domiciled in Mexico. Nu Servicios is engaged in the issuance and administration of credit cards. It commenced its operations in the Mexican market in August 2019 and officially launched in March 2020. The credit card has similar characteristics to that of the Brazilian operation: an international credit card, with no annual fee, under the Mastercard banner, 100% managed by a digital app on a smartphone.

- Nu Colombia S.A. (“Nu Colombia”) is an indirect subsidiary domiciled in Colombia, with operations related to credit cards, was launched in September 2020.

- Nu Invest Corretora de Valores S.A. ("Nu Invest") is an indirect subsidiary acquired in June 2021, domiciled in Brazil, and is an independent digital investment broker dealer.

The Company and its consolidated subsidiaries are referred to in these interim condensed consolidated financial statements as the “Group” or "Nu”.

Nu's business plan is continued growth in our Brazilian, Mexican, and Colombian operations not only related to existing businesses such as credit cards and personal loans, but also complemented by the launch of new products. Accordingly, these interim condensed consolidated financial statements were prepared based on the assumption of the Group continuing as a going concern, considering that recent losses are principally due to the expenses incurred to deliver upon the Group's rapid growth, in accordance with its business plan.

The Company's Board authorized the issuance of these interim condensed consolidated financial statements on October 29, 2021.

a) Acquisition activities pending completion

Spin Pay

On August 29, 2021, Nu announced the acquisition of Spin Pay Serviços de Pagamentos Ltda. ("Spin Pay"), an instant payments platform that supports electronic retail, with the option to use Brazilian instant payment method ("PIX") as a payment method at checkout. The completion of the acquisition was dependent upon the completion of all conditions established on the share purchase agreement and the monetary liquidation, which did not occur until September 30, 2021. Consequently, there are no impacts to these interim condensed consolidated financial statements as a result of this transaction.

The acquisition was concluded on October 13, 2021, as described in note 32.

b) Acquisition activities completed during the period

i) Easynvest's acquisition

On June 1, 2021, the acquisition of 100 percent of the shares of the companies that are part of the Easynvest investment platform (together referred to in these interim condensed consolidated financial statements as "Easynvest") was concluded. The control over the entities was transferred to the acquirer, the indirect subsidiary Nu Distribuidora de Titulos e Valores Mobiliarios Ltda. ("Nu DTVM"). Easynvest is an independent digital investment broker, and the acquisition marks the Group's entry into the market of investment platforms. The transaction qualifies as a business combination and has been accounted for using the acquisition method of accounting. The companies acquired were:

- Nu Participações Financeiras S.A ("Nu Participações Financeiras") - former "Easynvest Holding Financeira";
- Nu Invest Corretora de Valores S.A ("Nu Invest") - former "Easynvest TCV";
- Nu Participações S.A. ("Nu Participações") - former "Easynvest Participações";
- Nu Corretora de Seguros Ltda. ("Nu Corretora de Seguros") - former "Easynvest Corretora";
- Easynvest Gestão de Recursos Ltda. ("Easynvest Gestão"); and
- Vérios Gestão de Recursos S.A. ("Vérios").

Purchase consideration at closing date

The total consideration of US$451.5 million was transferred to the selling shareholders. The difference between the amount paid and the net assets acquired at fair value resulted in the recognition of goodwill, as shown below.

Net identifiable assets acquired and liabilities assumed

Control over the entities was transferred to Nu on June 1, 2021. The Company concluded the identification of the assets acquired and liabilities assumed and the allocation of the purchase price to these assets and liabilities and the measurement of the fair value of the intangible assets and, therefore, the measurement of goodwill. The purchase price allocation, including the allocation to the intangible assets and goodwill is shown below.

Identifiable intangible assets will be amortized for a period of 4 months to 11.7 years, according to their useful life defined based on the expected future economic benefits generated by the asset. The goodwill does not have defined useful life and will have its recoverability tested at least annually.

The goodwill from Easynvest's acquisition relates to the following: as (a) diversification and increase revenues by offering other products to customers, such as investment funds and equity and debt investment alternatives, as well as broker accounts; (b) the ability to accelerate the offering of these products when compared to developing the platform in house, (c) the absorption of skilled workforce. These benefits have not been recognized separately from goodwill because they do not meet the definition of identifiable intangible assets. The total amount of goodwill that is expected to be deductible for tax purposes in Brazil is US$220,490, as of the acquisition date.

	Fair value recognized on acquisition
Net Identifiable assets and liabilities	
Cash and cash equivalents	71,324
Securities	168,100
Intangible assets	45,061
Other assets	14,119
Liabilities	(240,047)
Total identifiable net assets at fair value	**58,557**
Goodwill arising on acquisition	392,989
Purchased consideration transferred	**451,546**
Equity consideration	271,229
Cash consideration	180,317

The intangible assets identified, and the allocation of the purchase price are technology (US$7,900), brand (US$794) and customer relationship (US$34,600), at the acquisition date.

In addition to the 7,859,445 preferred shares issued as part of the business combination, certain Easynvest's employees acquired 159,981 Nu Holdings' shares which will be accounted as equity-settled based compensation due to forfeiture clauses.

Reconciliation of intangible assets and goodwill shown in the consolidated statements of financial position:

Intangible assets from Easynvest's acquisition	45,061
Other intangible assets	16,786
Total intangible assets	**61,847**

Goodwill from Easynvest's acquisition	392,989
Goodwill from Cognitect's acquisition	831
Total Goodwill	**393,820**

Net cash outflow on acquisition

Consideration paid in cash	180,317
(-) Cash and cash equivalent balances acquired	(71,324)
Net cash outflow	**108,993**

Impact of the acquisition on the results of the Group

Easynvest contributed approximately US$8,900 in revenues and a US$5,000 loss for the four-month period between the date of acquisition and the reporting date. If the acquisition had been completed on January 1, 2021, the Group's total revenue for the nine-month period ended September 30, 2021, would have been approximately US$1,082,135 and loss would have been US$108,842.

ii) Akala

In December 2020, the subsidiary Nu BN Tecnologia, S.A de CV ("Nu Tecnologia") announced the acquisition of 100% of the shares of AKALA, S.A. DE C.V. ("Akala"), a Mexican Financial Cooperative Association ("SOFIPO") engaged in fundraising and financial services. The purpose of the transaction is to increase Nu's financial products offered in Mexico. As of the date the acquisition was announced, Akala owned a license which would allow Nu to provide certain financial services in Mexico; and it did not have any significant operations hence the acquisition does not qualify as a business combination. The acquisition was approved by the Mexican National Baking and Stock Commission ("CNBV") on September 14, 2021. The total consideration was MXN59,415 (equivalent to approximately US$3,000). Consequently, Akala was consolidated in these interim condensed consolidated financial statements.

c) COVID-19

In response to the COVID-19 pandemic, many governments worldwide have taken measures related to social distancing, quarantine and travel restrictions affecting the population of these countries, including those where Nu operates. While countries are still advancing on the immunization of their populations, it is still too early to assess when this pandemic and its effects will end. However, the Group observed that:

- Growth – Nu continued to increase the number of accounts consistently, partially driven by new customers, including new customers wanting to receive the governmental aid through Nu's savings accounts;

- Credit performance – while Nu saw initial credit deterioration during the early days of COVID-19, the Group saw fast recovery, ending 2020 with levels of credit losses lower than those at the beginning of 2020, based on the 90-day delinquency rate of the portfolio; and

- Deposits – Nu served as a link between the government aid and the population, which significantly increased the deposits balance.

As a result of the above mentioned situation which continues to remain in flux, Nu continues to analyze the effects of the pandemic on its operations, estimates and judgements, as well as on the application of accounting policies related to allowance for credit losses. Details of the impacts of the pandemic on the credit loss allowance are described in notes 13 and 14, as well as in note 28.

Since the beginning of the pandemic and to preserve the health and safety of Nu's employees, all of the Group's employees have been working remotely. Despite this challenging situation, Nu continued to show growth in its business as well as increase in the Group's headcount.

2. Statement of compliance

These interim condensed consolidated financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Company's financial position and performance since the issuance of its last annual financial statements.

The Group's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting issued by the International Accounting Standard Board ("IASB"). These interim condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statement. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020 (the "Annual Financial Statements"). The accounting policies and critical accounting estimates and judgments adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a) Functional currency and foreign currency translation

The presentation and functional currency and foreign currency translation disclosed in Note 2a. of the annual financial statements as at and for the year ended December 31, 2020, remain valid for these interim condensed consolidated financial statements.

The functional and presentation currency of these interim condensed financial statements is the US Dollar ("US$") for Nu Holdings. The functional currency of the Brazilian operating entities is the Brazilian Real, the Mexican entities is the Mexican Peso, and the Colombian entities is the Colombian Pesos.

The financial statements of the subsidiaries held in functional currencies that are not US$ (foreign subsidiaries) are translated into US$, and the exchange differences arising from the translation to US$ of the financial statements denominated in functional currencies other than the US$ is recognized in the consolidated statements of comprehensive income or loss (OCI) as an item that may be reclassified to profit or loss within "currency translation on foreign entities"

3. Significant accounting policies

The significant accounting policies adopted by the Group in the preparation of these interim condensed consolidated financial statements are consistent with those adopted and disclosed in the financial statements and each corresponding note for the year ended December 31, 2020, and therefore should be read in conjunction.

New or revised accounting pronouncements

The following new or revised standards have been issued by IASB and were effective for the period covered by these interim condensed consolidated financial statements:

- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- New issuance: IAS 32 Financial Instruments: Presentation – Accounting for Warrants that are Initially Classified as Liabilities
- Proposed amendments to IAS 21: Lack of Exchangeability
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The new or revised standards did not have a material impact on these interim condensed consolidated financial statements.

4. Basis of consolidation

These interim condensed consolidated financial statements include the accounting balances of Nu Holdings and all those subsidiaries over which the Company exercises control, direct or indirectly. Control is achieved where the Company has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) can use its power to affect its profits.

The Company re-assesses whether it maintains control of an investee if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements of control. During the nine-month period, there were no changes in the basis of consolidation derived from such re-assessment.

The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss from the date the Company gains control until the date the Company ceases to control the subsidiary.

The interim condensed financial statements of the subsidiaries were prepared in the same period as the Company and consistent accounting policies were applied. The financial statements of the subsidiaries are fully consolidated with those of the Company. Accordingly, all balances, transactions and any unrealized income and expenses arising between consolidated entities are eliminated in the consolidation, except for foreign-currency gain and losses on translation of intercompany loans. Profit or loss and each component of other comprehensive income or loss are attributed to the equity of the Company.

These interim condensed consolidated financial statements include the subsidiaries listed below:

Entity	Control	Principal activities	Functional currency	Country	% September 30, 2021	% December 31, 2020
Nu 1-B, LLC (“Nu 1-B”)	Direct	Holding Company	US$	USA	100%	100%
Nu 2-B, LLC (“Nu 2-B”)	Direct	Holding Company	US$	USA	100%	100%
Nu 3-B, LLC (“Nu 3-B”)	Direct	Holding Company	US$	USA	100%	100%
Nu 1-A, LLC (“Nu 1-A”)	Indirect	Holding Company	US$	USA	100%	100%
Nu 2-A, LLC (“Nu 2-A”)	Indirect	Holding Company	US$	USA	100%	100%
Nu 3-A, LLC (“Nu 3-A”)	Indirect	Holding Company	US$	USA	100%	100%
Nu Payments, LLC (“Nu Payments”)	Indirect	Holding Company	US$	USA	100%	100%
Nu MX LLC (“Nu MX”)	Direct	Holding Company	US$	USA	100%	100%
Nu Cayman Ltd (“Nu Cayman”)	Direct	Investment company	US$	Cayman	100%	100%
Nu Finanztechnologie GmbH (“Nu Finanz”)	Direct	Technology E-Hub	EUR	Germany	100%	100%
Nu BN México, S.A. de CV (“Nu Mexico”)	Indirect	Multiple purpose financial company	MXN	Mexico	100%	100%
Nu BN Servicios México, S.A. de CV (“Nu Servicios")	Indirect	Credit card operations	MXN	Mexico	100%	100%
Nu BN Tecnologia, S.A de CV (“Nu Tecnologia”)	Indirect	Computer consulting service	MXN	Mexico	100%	100%
Nu Colombia S.A. (“Nu Colombia”)	Indirect	Credit card operations	COP	Colombia	100%	100%
Nu Argentina S.A. (“Nu Argentina”)	Indirect	Talent E-Hub	ARS	Argentina	100%	100%
Cognitect, Inc. ("Cognitect")	Direct	Technology E-Hub	US$	USA	100%	100%
Internet – Fundo de Investimento em Participações Multiestratégia (“Internet FIP”)	Indirect	Investment company	BRL	Brazil	100%	100%
Nu Pagamentos S.A. - Instituição de Pagamentos (“Nu Pagamentos”)	Indirect	Credit card and prepaid account operations	BRL	Brazil	100%	100%
Nu Financeira S.A. – SCFI (“Nu Financeira”)	Indirect	Loan operations	BRL	Brazil	100%	100%
Nu Asset Management Ltda. (“Nu Asset”) - former "Nu Investimentos"	Indirect	Fund manager	BRL	Brazil	100%	100%
Nu Distribuidora de Titulos e Valores Mobiliarios Ltda. ("Nu DTVM")	Indirect	Securities distribution	BRL	Brazil	100%	100%
Nu Produtos Ltda. ("Nu Produtos")	Indirect	Insurance commission	BRL	Brazil	100%	100%
Nu Participações Financeiras S.A ("Nu Participações Financeiras") - former “Easynvest Holding Financeira”	Indirect	Holding Company	BRL	Brazil	100%	-
Nu Invest Corretora de Valores S.A ("Nu Invest") former “Easynvest TCV"	Indirect	Investment platform	BRL	Brazil	100%	-
Nu Participações S.A. ("Nu Participações") - former “Easynvest Participações"	Indirect	Holding Company	BRL	Brazil	100%	-
Nu Corretora de Seguros Ltda. ("Nu Corretora de Seguros") - former “Easynvest Corretora"	Indirect	Insurance commission	BRL	Brazil	100%	-
Easynvest Gestão de Recursos Ltda. (“Easynvest Gestão")	Indirect	Fund manager	BRL	Brazil	100%	-
Vérios Gestão de Recursos S.A. (“Vérios”)	Indirect	Fund manager	BRL	Brazil	100%	-
Nu Plataformas - Intermediação de Negocios e Serviços Ltda ("Nu Plataforma")	Indirect	Services platform	BRL	Brazil	100%	-
Nu Tecnologia S.A ("Nu Tecnologia")	Direct	Multiple purpose financial company	UYU	Uruguay	100%	-
AKALA, S.A. DE C.V. (“Akala”)	Indirect	Multiple purpose financial company	MXN	Mexico	100%	-

In addition, the Company consolidates the following entities in which the Group's companies hold a substantial interest or the entirety of the interests and are therefore exposed to, or have rights, to variable returns and have the ability to affect those returns through power over the entity:

Name of the entity	Country
Fundo de Investimento em Direitos Creditórios NU ("FIDC Nu")	Brazil
Fundo de Investimento Ostrum Soberano Renda Fixa Referenciado DI ("Fundo Ostrum")	Brazil
Nu Fundo de Investimentos em Ações ("Nu FIA")	Brazil

The interest owned by other investors in these entities are presented as non-controlling interests in these interim condensed consolidated financial statements.

In Brazil, the Nu Pagamentos, Nu Financeira and Easynvest TCV subsidiaries are regulated by the Brazilian Central Bank ("BACEN"), and as such, there are some regulatory requirements that restrict the ability of the Group to access and transfer assets freely to or from these entities within the Group and to settle liabilities of the Group.

5. Significant accounting judgments, estimates and assumptions

Use of estimates and judgments

The preparation of financial statements requires judgments, estimates, and assumptions from management that affect the application of accounting policies, and reported amounts of assets, liabilities, revenues, and expenses. Actual results may diverge from these estimates; and estimates and assumptions are reviewed continuously. Revisions to the estimates are recognized prospectively.

a) Credit losses on financial instruments

The Group recognizes a loss allowance for expected credit losses on credit cards and loans receivables that represents management's best estimate of allowance as of each reporting date.

Management performs an analysis of the credit card and loan amounts to determine if credit losses have occurred and to assess the adequacy of the allowance based on historical and current trends as well as other factors affecting credit losses.

Key areas of judgment

The critical judgments made by management in applying the expected credit losses (ECL) allowance methodology are:

a) Definition of default;

b) Forward-looking information used to the projection of macroeconomic scenarios;

c) Probability weights of future scenarios;

d) Definition of Significant Increase in Credit Risk and Lifetime; and

e) Look-back period, used for parameters estimation (probability of default - PD, exposure at default - EAD and loss given default - LGD).

Sensitivity analysis

On September 30, 2021, the probability weighted ECL allowance totaled US$424,648 of which US$314,323 related to credit card operations and US$110,325 to loans. The ECL allowance is sensitive to the methodology, assumptions and estimations underlying its calculation. One key assumption is the probability weights of the macroeconomic scenarios. The table below illustrates the ECL that would have arisen if management had applied a 100% weighting to each macroeconomic scenario. All scenarios presented contain the post-model adjustments of US$10,150 presented in the Post-model adjustments section.

	Upside	Base case	Downturn
Credit card and lending ECL	417,475	424,648	430,698

The table below discloses the forecast used in each scenario for the Brazilian ECL allowance:

	Upside	Base case	Downturn
2021- Brazilian GDP growth	6,1%	5,4%	4,7%

Post-model adjustments

Throughout 2020, the Brazilian Government responses to COVID-19 pandemic, including the "Emergency Aid", changed the Group's portfolio behavior, reducing delinquency and improving other risk indicators. The Group's Management believed this to be a temporary effect and concluded it was necessary to add a post-model adjustment on its ECL methodology.

During the first quarter of 2021, the effects of the pandemic in Brazil began to stabilize, with the imposition of new restriction measures and the vaccination starting to reach more segments of the population. In parallel, the Brazilian Government resumed the "Emergency Aid" program in April 2021, but with lower values and reaching fewer people, which had been closed since January 2021.

The Group expects that a more positive scenario may arise from the stabilization of the health crisis, but there is still uncertainty about the Group’s risk indicator trends, once the Government programs, such as the “Emergency Aid”, are permanently ended. Given this scenario, the post-model adjustment continues to be applied, but at a lower level when compared with December 31, 2020.

	Modeled ECL	Post-model Adjustments	Total ECL
Credit card	305,330	8,993	314,323
Personal loan	109,168	1,157	110,325
Total	**414,498**	**10,150**	**424,648**

As of September 30, 2021, post-model adjustments amounted US$10,150, explained by the effect of the expected end of the payment of the “Emergency Aid” to the dependent population, resulting in a risk deterioration beyond the levels observed pre crisis.

Except for the above key area of judgment, the significant assumptions and estimates used in the preparation of these interim consolidated financial statements for the nine-month period ended on September 30, 2021, were the same as those adopted in the consolidated financial statements for the year ended December 31, 2020.

6. Income and related expenses

a) Interest income and gains (losses) on financial instruments

	Three-month period ended		Nine-month period ended	
	9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Interest income – credit card	98,523	41,569	245,156	169,502
Interest income - lending	84,579	8,406	161,224	22,203
Interest income – other assets at amortized cost	19,512	9,515	41,381	27,851
Interest income and gains (losses) on financial instruments at fair value	**92,344**	**10,650**	**159,435**	**73,711**
Financial assets at fair value	*92,053*	*11,483*	*156,228*	*72,795*
Other	*291*	*(833)*	*3,207*	*916*
Total interest income and gains (losses) on financial instruments	**294,958**	**70,140**	**607,196**	**293,267**

The interest income presented above from credit card, lending and other assets at amortized cost represents interest revenue calculated using the effective interest method. Financial assets at fair value comprises interest and the fair value changes on financial assets at fair value.

b) Fee and commission income

	Three-month period ended		Nine-month period ended	
	9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Interchange fees	130,469	62,435	321,443	172,452
Recharge fees	13,842	4,783	32,144	8,631
Rewards revenue	7,122	4,313	21,003	17,472
Late fees	13,315	6,353	34,342	22,974
Other fee and commission income	21,201	8,062	45,930	19,772
Total fee and commission income	**185,949**	**85,946**	**454,862**	**241,301**

Fee and commission income are presented by fee types that reflect the nature of the services offered by the Group. Recharge fees comprises the selling price of telecom prepaid credits to customers, net of its acquisition costs.

c) Interest and other financial expenses

	Three-month period ended		Nine-month period ended	
	9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Interest expense on deposits (i)	91,098	19,108	165,642	65,254
Other interest and similar expenses	10,295	4,876	24,730	17,281
Interest and other financial expenses	**101,393**	**23,984**	**190,372**	**82,535**

(i) Nu pays interest equivalent to 100% of the Brazilian CDI rate on all deposits from customers with daily maturity, and from 102% to 126% of the Brazilian CDI rate on time deposits from customers.

d) Transactional expenses

	Three-month period ended		Nine-month period ended	
	9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Bank slip costs	9,171	14,141	28,106	33,636
Rewards expenses	10,255	6,603	26,732	21,569
Credit and debit card network costs	1,501	5,279	14,898	13,810
Other transactional expenses	7,633	5,887	14,955	18,635
Total transactional expenses	**28,560**	**31,910**	**84,691**	**87,650**

7. Credit loss allowance expenses

	Three-month period ended		Nine-month period ended	
	9/30/2021	**9/30/2020**	**9/30/2021**	**9/30/2020**
Additions	126,875	48,322	237,654	132,279
Reversals	(40,728)	(16,678)	(34,561)	(22,366)
Net increase of loss allowance (note 13)	**86,147**	**31,644**	**203,093**	**109,913**
Recovery	(6,400)	(5,739)	(18,079)	(12,297)
Credit card receivables	**79,747**	**25,905**	**185,014**	**97,616**
Additions	67,612	9,447	132,055	20,366
Reversals	(20,170)	(2,337)	(35,744)	(4,095)
Net increase of loss allowance (note 14)	**47,442**	**7,110**	**96,311**	**16,271**
Recovery	(184)	(76)	(358)	(104)
Loans to customers	**47,258**	**7,034**	**95,953**	**16,167**
Total	**127,005**	**32,939**	**280,967**	**113,783**

8. Operating expenses

	Three-month period ended 9/30/2021				
	Customer support and operations	**General and administrative expenses**	**Marketing expenses**	**Other income (expenses)**	**Total**
Infrastructure and data processing costs	18,779	18,599	-	-	37,378
Credit analysis and collection costs	9,031	7,659	-	-	16,690
Customer services	14,628	2,203	-	-	16,831
Salaries and associated benefits	5,610	59,303	2,317	-	67,230
Credit and debit card issuance costs	2,179	8,165	-	-	10,344
Share-based compensation (note 10)	-	43,913	-	-	43,913
Specialized services expenses	-	6,212	-	-	6,212
Other personnel costs	630	5,092	76	-	5,798
Depreciation and amortization	703	4,951	-	-	5,654
Marketing expenses	-	-	23,175	-	23,175
Others	89	10,430	-	1,962	12,481
Total	**51,649**	**166,527**	**25,568**	**1,962**	**245,706**

	Three-month period ended 9/30/2020				
	Customer support and operations	**General and administrative expenses**	**Marketing expenses**	**Other income (expenses)**	**Total**
Infrastructure and data processing costs	9,800	8,112	-	-	17,912
Credit analysis and collection costs	8,701	61	-	-	8,762
Customer services	6,237	948	-	-	7,185
Salaries and associated benefits	3,305	23,180	938	-	27,423
Credit and debit card issuance costs	367	1,048	-	-	1,415
Share-based compensation (note 10)	-	13,254	-	-	13,254
Specialized services expenses	-	3,182	-	-	3,182
Other personnel costs	410	1,862	47	-	2,319
Depreciation and amortization	-	890	-	-	890
Marketing expenses	-	-	3,103	-	3,103
Others	110	4,251	-	2,106	6,467
Total	**28,930**	**56,788**	**4,088**	**2,106**	**91,912**

	Nine-month period ended 9/30/2021				
	Customer support and operations	**General and administrative expenses**	**Marketing expenses**	**Other income (expenses)**	**Total**
Infrastructure and data processing costs	44,395	40,829	-	-	85,224
Credit analysis and collection costs	22,117	16,136	-	-	38,253
Customer services	32,716	5,038	-	-	37,754
Salaries and associated benefits	14,161	127,134	4,890	-	146,185
Credit and debit card issuance costs	8,539	17,801	-	-	26,340
Share-based compensation (note 10)	-	135,312	-	-	135,312
Specialized services expenses	-	19,827	-	-	19,827
Other personnel costs	1,569	11,081	184	-	12,834
Depreciation and amortization	967	9,929	-	-	10,896
Marketing expenses	-	-	39,992	-	39,992
Others	283	21,583	-	13,207	35,073
Total	**124,747**	**404,670**	**45,066**	**13,207**	**587,690**

	Nine-month period ended 9/30/2020				
	Customer support and operations	General and administrative expenses	Marketing expenses	Other income (expenses)	Total
Infrastructure and data processing costs	36,306	22,621	-	-	58,927
Credit analysis and collection costs	15,948	7,757	-	-	23,705
Customer services	26,901	4,208	-	-	31,109
Salaries and associated benefits	10,390	69,924	1,869	-	82,183
Credit and debit card issuance costs	4,069	10,112	-	-	14,181
Share-based compensation (note 10)	-	29,662	-	-	29,662
Specialized services expenses	-	11,188	-	-	11,188
Other personnel costs	1,422	7,644	93	-	9,159
Depreciation and amortization	-	3,783	-	-	3,783
Marketing expenses	-	-	9,564	-	9,564
Others	420	17,492	-	25,446	43,358
Total	**95,456**	**184,391**	**11,526**	**25,446**	**316,819**

9. Earnings per share

The following table reflects the net loss and share data used in the basic and diluted earnings per share ("EPS") calculations:

	Three-month period ended		Nine-month period ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Loss attributable to shareholders of the parent company	**(34,212)**	**(32,562)**	**(98,915)**	**(64,434)**
Total weighted average of ordinary outstanding shares – basic and diluted (in thousands of shares)	1,423,876	1,320,606	1,379,271	1,309,861
Loss per share – basic and diluted (USD)	**(0.0240)**	**(0.0247)**	**(0.0717)**	**(0.0492)**
Antidilutive instruments not considered on the weighted number of shares (in thousands of shares)	3,091,291	2,977,376	3,091,291	2,977,376

The Company has instruments that will become ordinary shares upon the exercise, vesting, conversion, or upon the satisfaction of specific conditions related to business combinations. These instruments were considered antidilutive because they would decrease the loss per share. These antidilutive instruments were not included in the weighted number of shares for the diluted earnings per share and they comprise SOPs, RSUs, and Awards described in note 10, preferred and contingent shares described in note 27 and the senior preferred shares described in note 23. The number of shares for all periods presented were adjusted to reflect the 6-for-1 forward share split approved on August 30, 2021 (note 27).

10. Share-based payments

The Group's employee incentives include share settled awards in the form of stock, offering employees (a) the opportunity to purchase ordinary shares by exercising options (Stock Options – "SOPs") or (b) receiving ordinary shares (Restricted Stock Units – "RSUs") upon vesting.

The cost of the employee services received in respect of the SOPs and RSUs granted is recognized in the statement of profit or loss over the period that employees provide services and according to the vesting conditions. The Group has also issued Awards that grant shares upon the achievement of market conditions related to the valuation of the Company. RSU incentive was implemented in 2020 and is expected to be the main incentive going forward.

There were no changes to the terms and conditions of the SOPs, RSUs and Awards after the grant date.

The changes in the number of SOPs and RSUs is as follows. WAEP is the weighted average exercise price and WAGDFV is the weighted average fair value at the grant date:

SOPs	09/30/2021	WAEP (US$)	12/31/2020	WAEP (US$)
Outstanding on January 1	**42,515,821**	**1.58**	**51,034,938**	**0.91**
Granted during the period/year	1,139,667	15.52	3,376,767	9.92
Exercised during the period/year	(6,901,495)	0.84	(6,804,750)	0.24
Forfeited during the period/ year	(794,476)		(5,091,134)	
Balances before 6-for-1 forward share split	**35,959,517**	**2.41**	**42,515,821**	**1.58**
Issuance of options due to 6-for-1 forward split (note 27)	179,797,583			
Outstanding at September 30 / December 31	**215,757,100**	**0.40**	**42,515,821**	**1.58**
Exercisable on September 30 / December 31	**167,028,078**	**0.21**	**30,190,826**	**0.56**

RSUs	09/30/2021	WAGDFV (US$)	12/31/2020	WAGDFV (US$)
Outstanding on January 1	**5,294,454**	**10.47**	**-**	
Granted during the period/year	8,041,281	23.73	6,048,335	10.45
Vested during the period/year	(2,290,989)	(14.56)	(430,680)	10.46
Forfeited during the period/year	(1,104,989)		(323,201)	
Balances before 6-for-1 forward share split	**9,939,757**	**19.97**	**5,294,454**	**10.47**
Issuance of RSUs due to 6-for-1 forward split (note 27)	49,698,782			
Outstanding at September 30 / December 31	**59,638,539**	**3.33**	**5,294,454**	**10.47**

	Three-month period ended		Nine-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
SOPs, RSUs and Awards granted during the period - equity	30,137	7,555	92,463	21,608
Total expenses for taxes and social charges, with corresponding increase in liability	2,804	4,577	17,552	6,505
Liability provision for taxes presented as salaries, allowances and social security contributions	26,358	7,366	26,358	7,366

11. Cash and cash equivalents

	09/30/2021	12/31/2020
Reverse repurchase agreement in foreign currency	732,680	1,783,988
Short-term investments	1,096,495	407,520
Bank balances	86,311	142,934
Other cash and cash equivalents	81,239	9,338
Total	**1,996,725**	**2,343,780**

Cash and cash equivalents are held to meet short-term cash needs. This includes deposits with banks and other short-term highly liquid investments with original maturities of three-months or less and with an immaterial risk of change in value.

The reverse repurchase agreements and short-term investments are mainly in Brazilian Reais, and its average rate of remuneration as of September 30, 2021, and December 31, 2020 is substantially 100% of the Brazilian CDI rate, which is set daily and represents the average rate at which Brazilian banks were willing to borrow/lend to each other for one day.

Other cash and cash equivalents include cash reserves used for the Brazilian instant payment system ("PIX").

12. Securities

	09/30/2021					12/31/2020
			Maturities			
Financial instruments at FVTPL	Cost	Fair Value	No maturity	Up to 12 months	Over 12 months	Fair Value
Financial treasury bills (LFT) (i)	1,681,789	1,682,825	-	1,351,990	330,835	1,836,139
National treasury bills (LTN) (i)	3,052,566	2,897,959	-	1,460,608	1,437,351	2,300,676
National treasury notes (NTN) (i)	334	311	-	-	311	408
Bank receipt of deposits (RDB) (ii)	1	1	-	-	1	1
Investment funds (iii)	88,011	88,011	88,011	-	-	150,030
Bill of credit (LC)	26	27	-	5	22	23
Certificate of bank deposits (CDB)	148	148	-	137	11	-
Real estate and agribusiness letter of credit (CRIs/CRAs)	1,275	1,287	-	9	1,278	-
Debentures	357	357	-	1	356	-
Equity instrument	9,088	9,088	9,088	-	-	-
Total financial instruments at FVTPL	**4,833,595**	**4,680,014**	**97,099**	**2,812,750**	**1,770,165**	**4,287,277**

	09/30/2021				
			Maturities		
Financial instruments at FVTOCI	**Cost**	**Fair Value**	**No maturity**	**Up to 12 months**	**Over 12 months**
Financial treasury bills (LFT) (i)	1,762,008	1,762,937	-	457,906	1,305,031
National treasury bills (LTN) (i)	73,843	73,847	-	-	73,847
Debentures	919	931	-	-	931
Total financial instruments at FVTOCI	**1,836,770**	**1,837,715**	**-**	**457,906**	**1,379,809**

(i) Includes US$1,663,583 (US$1,534,858 on 12/31/2020) held by the subsidiaries for regulatory purposes, as required by the Brazilian Central Bank. It also includes Brazilian government securities margins pledged by the Group for transactions on the Brazilian stock exchange in the amount of US$107,070 (US$112,412 on 12/31/2020). The LFTs, LTNs and NTNs had an average return of 109.9% of CDI in the nine-month period ended September 30, 2021 (89.5% during 2020) and are classified as Level 1 in the fair value hierarchy, as described in note 25.

(ii) Refers to Bank Receipt of Deposits ("RDBs") with floating interest rates, classified as Level 2 in the fair value hierarchy, as described in note 25.

(iii) Refers to investments in funds in which assets are mostly Brazilian sovereign bonds. The fair value of these investments is determined based on the quota value, and these instruments are classified as level 2 in the fair value hierarchy. Such investments are indexed to the Brazilian CDI rate and had an average return of 96% of the Brazilian CDI rate in the nine-month period ended September 30, 2021 (89.5% during 2020).

13. Credit card receivables

a) Composition of receivables

	09/30/2021	**12/31/2020**
Receivables - current (i)	2,052,437	1,475,417
Receivables - installments (i)	2,045,231	1,443,793
Receivables - revolving (ii)	270,206	199,662
Total receivables	**4,367,874**	**3,118,872**
Credit card ECL allowance		
Presented as deduction of receivables	(306,369)	(209,965)
Presented as "Other liabilities"	(7,954)	(7,577)
Total credit card ECL allowance	**(314,323)**	**(217,542)**
Receivables, net	**4,053,551**	**2,901,330**
Total receivables presented as assets	**4,061,505**	**2,908,907**

(i) Current receivables are related to purchases made by customers due on the next credit card billing date. “Receivables – installments” is related to purchases in installments (“parcelado” in Brazil) which are financed by the merchant. With this product, the cardholder's purchase is paid in up to 12 equal monthly installments. The cardholder’s credit limit is initially reduced by the total amount and the installments become due and payable on the cardholder’s subsequent monthly credit card statements. The Group makes the corresponding payments to the credit card network (see note 19) following a similar schedule. As receipts and payments are aligned, the Group does not incur significant financing costs with this product, however it is exposed to the credit risk of the cardholder as it is obliged to make the payments to the credit card network even if the cardholder does not pay. “Receivables – installments” also includes the amounts of credit card bills not fully paid by the customers and that have been converted into payments in installments with a fixed interest rate (“fatura parcelada”).

(ii) Revolving receivables are amounts due from customers that have not paid in full their credit card bill. Customers may request to convert these receivables in loans to be paid in installments. In accordance with Brazilian regulation, revolving balances that are outstanding for more than 2 months are mandatorily converted into “fatura parcelada” - a type of installment loan which is settled through the customer’s monthly credit card bills.

b) Breakdown by maturity

	09/30/2021		12/31/2020	
	Amount	**%**	**Amount**	**%**
Installments overdue by:				
<= 30 days	80,950	1.8%	29,512	0.9%
30 < 60 days	28,714	0.6%	9,109	0.3%
60 < 90 days	21,350	0.5%	9,369	0.3%
> 90 days	115,113	2.3%	98,573	3.2%
Total overdue installments	**246,127**	**5.2%**	**146,563**	**4.7%**
Installments not overdue due in:				
<= 30 days	2,048,631	46.3%	1,418,770	45.5%
30 < 60 days	763,310	17.8%	587,550	18.8%
> 60 days	1,309,806	30.7%	965,989	31.0%
Total not overdue installments	**4,121,747**	**94.8%**	**2,972,309**	**95.3%**
Total	**4,367,874**	**100.0%**	**3,118,872**	**100.0%**

c) Credit loss allowance - by stages and stage 2 triggers

As of September 30, 2021, the credit loss allowance totaled US$314,323 (US$217,542 on December 31, 2020). The provision is provided by a model estimation, consistently applied, which is sensitive to the methods, assumptions, and risk parameters underlying its calculation.

The amount that the credit loss allowance represents in comparison to the Group’s gross receivables coverage ratio is also monitored, in order to anticipate trends that could indicate credit risk increases. This metric is considered a key risk indicator. It is monitored according to the Group's RAS - Risk Appetite Statement, supporting the decision-making process and is discussed in the primary credit forums along with the Group.

All receivables are classified through stages, where: (i) stage 1 is destined to all receivables not classified in stages 2 and 3; (ii) stage 2 is related to all receivables with more than 30 (thirty) days in arrears, or with an increase in client's behavior risk score, and (iii) stage 3 when receivables are more than 90 (ninety) days in arrears, or there are indicatives that the financial asset will not be fully paid without a collateral or financial guarantee.

Distribution within the stages as of September 30, 2021 showed a greater concentration in stage 2 portfolio when compared to December 31, 2020, indicating a risk normalization after the risk decrease observed in 2020 (see note 13 f) about COVID impacts) with the majority of the Group's credit card portfolio being classified as stage 1, followed by stages 2 and 3, respectively**.**

	09/30/2021				
	Gross Exposures	**%**	**Loss Allowance**	**%**	**Coverage Ratio (%)**
Stage 1	**3,767,538**	**86.2%**	**94,756**	**30.1%**	**2.5%**
Stage 2	**435,535**	**10.0%**	**108,925**	**34.7%**	**25.0%**
Absolute Trigger (Days Late)	105,228	24.2%	46,474	42.7%	44.2%
Relative Trigger (PD deterioration)	330,307	75.8%	62,451	57.3%	18.9%
Stage 3	**164,801**	**3.8%**	**110,642**	**35.2%**	**67.1%**
Total	**4,367,874**	**100.0%**	**314,323**	**100.0%**	**7.2%**

	12/31/2020				
	Gross Exposures	**%**	**Loss Allowance**	**%**	**Coverage Ratio (%)**
Stage 1	**2,799,999**	**89.8%**	**79,296**	**36.5%**	**2.8%**
Stage 2	**202,673**	**6.5%**	**60,391**	**27.8%**	**29.8%**
Absolute Trigger (Days Late)	50,375	24.9%	22,172	36.7%	44.0%
Relative Trigger (PD deterioration)	152,298	75.1%	38,219	63.3%	25.1%
Stage 3	**116,200**	**3.7%**	**77,855**	**35.7%**	**67.0%**
Total	**3,118,872**	**100.0%**	**217,542**	**100.0%**	**7.0%**

As of September 30, 2021 and December 31, 2020, most of the stage 2 exposure arose from contracts that had a significant increase in their probabilities of default (PDs). Stage 2 exposure concentration is higher on September 30, 2021 compared with December 31, 2020, following the movements of risk observed in the portfolio as described in note 13(f) Credit loss allowance - COVID-19 impacts.

d) Credit loss allowance - by credit quality vs. stages

	09/30/2021				
	Gross Exposures	%	Loss Allowance	%	Coverage Ratio (%)
Strong (PD < 5%)	**3,290,557**	**75.3%**	**38,061**	**12.1%**	**1.2%**
Stage 1	3,289,111	100.0%	37,983	99.8%	1.2%
Stage 2	1,446	0.0%	78	0.2%	5.4%
Satisfactory (5% <= PD <= 20%)	**528,125**	**12.1%**	**46,431**	**14.8%**	**8.8%**
Stage 1	395,682	74.9%	34,436	74.2%	8.7%
Stage 2	132,443	25.1%	11,995	25.8%	9.1%
Higher Risk (PD > 20%)	**549,192**	**12.6%**	**229,831**	**73.1%**	**41.8%**
Stage 1	82,745	15.1%	22,337	9.7%	27.0%
Stage 2	301,646	54.9%	96,852	42.1%	32.1%
Stage 3	164,801	30.0%	110,642	48.1%	67.1%
Total	**4,367,874**	**100.0%**	**314,323**	**100.0%**	**7.2%**

	12/31/2020				
	Gross Exposures	%	Loss Allowance	%	Coverage Ratio (%)
Strong (PD < 5%)	**2,524,909**	**81.0%**	**40,629**	**18.7%**	**1.6%**
Stage 1	2,523,792	100.0%	40,540	99.8%	1.6%
Stage 2	1,117	0.0%	89	0.2%	8.0%
Satisfactory (5% <= PD <= 20%)	**320,492**	**10.3%**	**39,089**	**18.0%**	**12.2%**
Stage 1	244,979	76.4%	28,645	73.3%	11.7%
Stage 2	75,513	23.6%	10,444	26.7%	13.8%
Higher Risk (PD > 20%)	**273,471**	**8.7%**	**137,824**	**63.3%**	**50.4%**
Stage 1	31,228	11.4%	10,111	7.3%	32.4%
Stage 2	126,043	46.1%	49,858	36.2%	39.6%
Stage 3	116,200	42.5%	77,855	56.5%	67.0%
Total	**3,118,872**	**100.0%**	**217,542**	**100.0%**	**7.0%**

There was a significant concentration of receivables at stage 1 based on credit quality. Receivables with satisfactory risk are distributed between stages 1 and 2, mostly at stage 1.

Defaulted assets (stage 3) are classified as higher risk, which also accounts for a large proportion of stage 2 exposure. Stage 1 receivables classified as higher risk are those customers with low credit risk scores.

In the first quarter of 2021, Brazil suffered a worsening of the pandemic scenario and the end of the temporary government "Emergency Aid". At the same time, credit risk indicators worsened, although they remained at lower levels than during the pre-pandemic crisis, which moved the portfolio towards more risk segments on September 30, 2021 when compared with December 31, 2020.

On the other hand, coverage ratios for risk classifications within stages 1 and 2 are lower on September 30, 2021 when compared with December 31, 2020, reflecting a better macroeconomic scenario and a lower uncertainty due to an improvement in the health crisis scenario - more details in note 13(f).

e) Credit loss allowance - changes

The following tables show the reconciliations from the opening to the closing balance of the credit loss allowance by stages of the financial instruments.

	09/30/2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance at beginning of year	**79,296**	**60,391**	**77,855**	**217,542**
Transfers from Stage 1 to Stage 2	(12,764)	12,764	-	-
Transfers from Stage 2 to Stage 1	14,060	(14,060)	-	-
Transfers to Stage 3	(5,597)	(23,946)	29,543	-
Transfers from Stage 3	122	70	(192)	-
Write-offs	-	-	(94,346)	(94,346)
Net increase of loss allowance	23,603	77,474	102,016	203,093
New originations (a)	*58,941*	*5,986*	*1,970*	*66,897*
Net drawdowns, repayments, net remeasurement and movements due to exposure and risk changes	*(35,132)*	*71,370*	*100,010*	*136,248*
Changes to models used in calculation (b)	*(206)*	*118*	*36*	*(52)*
Effect of changes in exchange rates (OCI)	(3,964)	(3,768)	(4,234)	(11,966)
Loss allowance at end of the period	**94,756**	**108,925**	**110,642**	**314,323**

	12/31/2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance at beginning of year	**68,437**	**75,531**	**79,929**	**223,897**
Transfers from Stage 1 to Stage 2	(4,252)	4,252	-	-
Transfers from Stage 2 to Stage 1	27,974	(27,974)	-	-
Transfers to Stage 3	(3,929)	(11,252)	15,181	-
Transfers from Stage 3	246	129	(375)	-
Write-offs	-	-	(116,856)	(116,856)
Net increase of loss allowance	6,154	36,643	117,973	160,770
New originations (a)	*27,727*	*2,421*	*1,376*	*31,524*
Net drawdowns, repayments, net remeasurement and movements due to exposure and risk changes	*(9,593)*	*33,474*	*104,248*	*128,129*
Changes to models used in calculation (b)	*(11,980)*	*748*	*12,349*	*1,117*
Effect of changes in exchange rates (OCI)	(15,334)	(16,938)	(17,997)	(50,269)
Loss allowance at end of the year	**79,296**	**60,391**	**77,855**	**217,542**

(a) Considers all accounts originated from the beginning to the end of the period. ECL effects presented in the table were calculated as if risk parameters at the beginning of the period were applied.

(b) Related to methodology changes occurred during the period, reflecting observed risks extending over a period of time, according to the Group's processes of model monitoring.

The following table presents changes in the gross carrying amount of the credit card portfolio to help explain their effects to the changes in the loss allowance for the same portfolio as discussed above. "Net change of gross carrying amount" includes acquisitions, payments, and interest accruals.

	09/30/2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at beginning of year	**2,799,999**	**202,673**	**116,200**	**3,118,872**
Transfers from Stage 1 to Stage 2	(197,216)	197,216	-	-
Transfers from Stage 2 to Stage 1	57,589	(57,589)	-	-
Transfers to Stage 3	(50,433)	(59,995)	110,428	-
Transfers from Stage 3	122	69	(191)	-
Write-offs	-	-	(94,724)	(94,724)
Net change of gross carrying amount	1,307,654	167,229	39,417	1,514,300
Effect of changes in exchange rates (OCI)	(150,177)	(14,068)	(6,329)	(170,574)
Gross carrying amount at end of the period	**3,767,538**	**435,535**	**164,801**	**4,367,874**

	12/31/2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at beginning of year	**2,484,556**	**389,734**	**136,131**	**3,010,421**
Transfers from Stage 1 to Stage 2	(79,734)	79,734	-	-
Transfers from Stage 2 to Stage 1	162,232	(162,232)	-	-
Transfers to Stage 3	(43,582)	(49,951)	93,533	-
Transfers from Stage 3	435	226	(661)	-
Write-offs	-	-	(116,856)	(116,856)
Net change of gross carrying amount	839,461	31,990	34,640	906,091
Effect of changes in exchange rates (OCI)	(563,369)	(86,828)	(30,587)	(680,784)
Gross carrying amount at end of the year	**2,799,999**	**202,673**	**116,200**	**3,118,872**

f) Credit loss allowance - COVID-19 impacts

Throughout 2020, government responses to the COVID-19 pandemic, including the "Emergency Aid", changed the portfolio credit behavior, reducing delinquency and improving other risk indicators at year end.

Brazil experienced a worsening of the pandemic crisis in the first quarter of 2021, however, with the imposition of new restriction measures and the vaccination starting to reach more segments of the population, the health crisis showed signs of stabilization. In parallel the government resumed the "Emergency Aid" program in April 2021, which had been closed since January 2021, but with lower values and reaching fewer people.

As a consequence, the portfolio has started to show some signs of risk deterioration, although the risk levels continue to be below what was observed before the COVID-19 crisis, leading to a concentration of 78% of the portfolio classified as strong (PD < 5%) segment as of September 30, 2021 (81% on December 31, 2020).

The Group expects that a more positive scenario arises from the health crisis stabilization, but there is still uncertainty about the Group's risk indicators trends, once the government programs, such as the "Emergency Aid" are lifted. Given this scenario, the post-model adjustment continues to be applied, but at a lower level when compared with December 31, 2020, which contributed to the lowering of the coverage ratios in credit cards. The total amount of the post-model adjustment for September 30, 2021 was US$10,150 (US$48,809 as of December 31, 2020), as shown in note 5a.

The Group continues to monitor the crisis and the government responses to the crisis and its effects on Nu's customer behavior.

14. Loans to customers

a) Breakdown of receivables

	09/30/2021	12/31/2020
Lending to individuals	903,061	200,904
Loan ECL allowance	(110,325)	(26,210)
Total	**792,736**	**174,694**

b) Breakdown by maturity

The following table shows loans to customers by maturity on September 30, 2021 and December 31, 2020.

	09/30/2021							
	Overdue	**%**	**Due in less than 1 year**	**%**	**Due between 1 and 5 years**	**%**	**Total**	**%**
Installment loans to individuals	26,468	3%	757,039	84%	119,554	13%	903,061	100%
Total	**26,468**	**3%**	**757,039**	**84%**	**119,554**	**13%**	**903,061**	**100%**
Of which:	26,468	3%	757,039	84%	119,554	13%	903,061	100%
Fixed interest rate	**26,468**	**3%**	**757,039**	**84%**	**119,554**	**13%**	**903,061**	**100%**

	12/31/2020							
	Overdue	**%**	**Due in less than 1 year**	**%**	**Due between 1 and 5 years**	**%**	**Total**	**%**
Installment loans to individuals	7,369	3%	170,077	85%	23,458	12%	200,904	100%
Total	**7,369**	**3%**	**170,077**	**85%**	**23,458**	**12%**	**200,904**	**100%**
Of which:	7,369	3%	170,077	85%	23,458	12%	200,904	100%
Fixed interest rate	**7,369**	**3%**	**170,077**	**85%**	**23,458**	**12%**	**200,904**	**100%**

c) Credit loss allowance - by stages and stage 2 triggers

The tables below show the credit loss allowance by stages as of September 30, 2021 and December 31, 2020.

	09/30/2021				
	Gross Exposures	**%**	**Loss Allowance**	**%**	**Coverage Ratio**
Stage 1	**751,478**	**83.2%**	**40,668**	**36.9%**	**5.4%**
Stage 2	**115,579**	**12.8%**	**37,746**	**34.2%**	**32.7%**
Absolute Trigger (Days Late)	18,492	16.0%	14,620	38.7%	79.1%
Relative Trigger (PD deterioration)	97,087	84.0%	23,126	61.3%	23.8%
Stage 3	**36,004**	**4.0%**	**31,911**	**28.9%**	**88.6%**
Total	**903,061**	**100.0%**	**110,325**	**100,0%**	**12.2%**

	12/31/2020				
	Gross Exposures	**%**	**Loss Allowance**	**%**	**Coverage Ratio**
Stage 1	**168,744**	**84.0%**	**10,532**	**40.2%**	**6.2%**
Stage 2	**22,634**	**11.3%**	**7,136**	**27.2%**	**31.5%**
Absolute Trigger (Days Late)	3,819	16.9%	2,873	40.3%	75.2%
Relative Trigger (PD deterioration)	18,815	83.1%	4,263	59.7%	22.7%
Stage 3	**9,526**	**4.7%**	**8,542**	**32.6%**	**89.7%**
Total	**200,904**	**100.0%**	**26,210**	**100.0%**	**13.0%**

Portfolio coverage ratio was lower as of September 30, 2021 when compared with December 31, 2020, reflecting an improvement in the macroeconomic environment and lower uncertainty due to a gradual improvement in the health crisis situation (more details in note 14-f about COVID impacts).

d) Credit loss allowance - by credit quality vs stages

	09/30/2021				
	Gross Exposures	%	Loss Allowance	%	Coverage Ratio
Strong (PD < 5%)	**291,021**	**32.2%**	**2,796**	**2.5%**	**1.0%**
Stage 1	281,240	96.6%	2,666	95.4%	0.9%
Stage 2	9,781	3.4%	130	4.6%	1.3%
Satisfactory (5% <= PD <= 20%)	**470,510**	**52.1%**	**30,952**	**28.1%**	**6.6%**
Stage 1	442,325	94.0%	29,061	93.9%	6.6%
Stage 2	28,185	6.0%	1,891	6.1%	6.7%
Higher Risk (PD > 20%)	**141,530**	**15.7%**	**76,577**	**69.4%**	**54.1%**
Stage 1	27,913	19.8%	8,941	11.6%	32.0%
Stage 2	77,613	54.8%	35,725	46.7%	46.0%
Stage 3	36,004	25.4%	31,911	41.7%	88.6%
Total	**903,061**	**100.0%**	**110,325**	**100.0%**	**12.2%**

	12/31/2020				
	Gross Exposures	%	Loss Allowance	%	Coverage Ratio
Strong (PD < 5%)	**66,754**	**33.2%**	**947**	**3.6%**	**1.40%**
Stage 1	66,607	99.8%	939	99.2%	1.40%
Stage 2	147	0.2%	8	0.8%	5.40%
Satisfactory (5% <= PD <= 20%)	**99,909**	**49.7%**	**8,416**	**32.1%**	**8.40%**
Stage 1	97,421	97.5%	8,175	97.1%	8.40%
Stage 2	2,488	2.5%	241	2.9%	9.70%
Higher Risk (PD > 20%)	**34,241**	**17.1%**	**16,847**	**64.3%**	**49.20%**
Stage 1	4,716	13.8%	1,418	8.4%	30.10%
Stage 2	19,998	58.4%	6,888	40.9%	34.40%
Stage 3	9,527	27.8%	8,541	50.7%	89.70%
Total	**200,904**	**100.0%**	**26,210**	**100.0%**	**13.0%**

Most of the credit quality of this portfolio is classified as satisfactory, followed by strong and higher risk. Receivables with satisfactory and strong risk have a high distribution of stage 1.

The gross carrying amount increased by 449.5% versus December 31, 2020. All newly originated loans are initially classified in Stage 1.

e) Credit loss allowance - changes

The following tables show reconciliations from the opening to the closing balance of the provision for credit losses by the stages of the financial instruments. The explanation of each stage and the basis for determining transfers due to changes in credit risk is set out in the Company’s accounting policies, as disclosed in the annual consolidated financial statements as of December 31, 2020.

	09/30/2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance at beginning of year	**10,532**	**7,136**	**8,542**	**26,210**
Transfers from Stage 1 to Stage 2	(1,180)	1,180	-	-
Transfers from Stage 2 to Stage 1	970	(970)	-	-
Transfers to Stage 3	(1,383)	(4,076)	5,459	-
Transfers from Stage 3	12	128	(140)	-
Write-offs	-	-	(9,276)	(9,276)
Net increase of loss allowance	32,816	35,300	28,195	96,311
New originations (a)	*102,099*	*15,746*	*3,848*	*121,693*
Net drawdowns, repayments, net remeasurement and movements due to exposure and risk changes	*(65,573)*	*14,382*	*24,318*	*(26,873)*
Changes to models used in calculation (b)	*(3,710)*	*5,172*	*29*	*1,491*
Effect of changes in exchange rates (OCI)	(1,099)	(952)	(869)	(2,920)
Loss allowance at end of the period	**40,668**	**37,746**	**31,911**	**110,325**

	12/31/2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance at beginning of year	**1,300**	**2,072**	**1,618**	**4,990**
Transfers from Stage 1 to Stage 2	(54)	54	-	-
Transfers from Stage 2 to Stage 1	346	(346)	-	-
Transfers to Stage 3	(164)	(176)	340	-
Transfers from Stage 3	-	6	(6)	-
Write-offs	-	-	(4,525)	(4,525)
Net increase of loss allowance	9,462	6,030	11,528	27,020
New originations (a)	*19,354*	*2,600*	*716*	*22,670*
Net drawdowns, repayments, net remeasurement and movements due to exposure and risk changes	*(11,118)*	*3,038*	*10,609*	*2,529*
Changes to models used in calculation (b)	*1,226*	*392*	*203*	*1,821*
Effect of changes in exchange rates (OCI)	(358)	(504)	(413)	(1,275)
Loss allowance at end of the year	**10,532**	**7,136**	**8,542**	**26,210**

(a) Considers all accounts originated from the beginning to the end of the period. ECL effects presented in the table were calculated as if risk parameters at the beginning of the period were applied.

(b) Related to methodology changes occurred during the period, reflecting observed risks extending over a period, according to the Group's processes of model monitoring.

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain the changes in the loss allowance for the same portfolio as discussed above. "Net increase of gross carrying amount" includes the principal issuances net of payments or interest recognized net of payment.

	09/30/2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at beginning of year	**168,744**	**22,634**	**9,526**	**200,904**
Transfers from Stage 1 to Stage 2	(13,695)	13,695	-	-
Transfers from Stage 2 to Stage 1	4,949	(4,949)	-	-
Transfers to Stage 3	(9,974)	(7,543)	17,517	-
Transfers from Stage 3	14	145	(159)	-
Write-offs	-	-	(8,534)	(8,534)
Net increase of gross carrying amount	621,104	94,537	18,632	734,273
Effect of changes in exchange rates (OCI)	(19,664)	(2,940)	(978)	(23,582)
Gross carrying amount at end of the period	**751,478**	**115,579**	**36,004**	**903,061**

	12/31/2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at beginning of year	**44,513**	**16,335**	**2,166**	**63,014**
Transfers from Stage 1 to Stage 2	(1,951)	1,951	-	-
Transfers from Stage 2 to Stage 1	2,621	(2,621)	-	-
Transfers to Stage 3	(2,997)	(1,314)	4,311	-
Transfers from Stage 3	-	8	(8)	-
Write-offs	-	-	(4,525)	(4,525)
Net increase of gross carrying amount	137,483	12,013	8,123	157,619
Effect of changes in exchange rates (OCI)	(10,925)	(3,738)	(541)	(15,204)
Gross carrying amount at end of the year	**168,744**	**22,634**	**9,526**	**200,904**

f) Credit loss allowance - COVID-19 impacts

During the course of 2020, the actions taken by the government through the "Emergency Aid" and social distancing measures, changed credit behavior, culminating in a risk reduction which was captured by the Group's models.

Meanwhile, the beginning of 2021 brought about a worsening of the pandemic crisis and macroeconomic outlook, which was followed by a similar change to the risk indicators. However, the government resumed the "Emergency Aid" in April and the vaccinations started to accelerate generating a better macroeconomic outlook. In addition, the portfolio's risk indicators showed stability and are still below what was recorded during the pre-crisis period.

Similar to the Credit Card Portfolio (note 13-f), the Group expects that a more positive scenario arises from the stabilization of the health crisis. Given this scenario, the post-model adjustment continues to be applied, but at a lower level when compared with December 31, 2020. As of September 30, 2021, the total amount of the post-model adjustment for loss allowances for loans receivables in the amount of US$1,157 (US$2,307 as of December 31, 2020), as shown in note 5a. Within this context, the coverage ratio on December 31, 2020 of 13.0% decreased to 12.2% on September 30, 2021.

The Group continues to monitor the crisis and the government responses and its effects on changes in Nu's personal loan customer behavior.

15. Other assets

	9/30/2021	12/31/2020
Taxes recoverable	46,035	31,702
Deferred expenses (i)	64,031	24,953
Judicial deposits (note 21)	15,679	16,440
Advances to suppliers and employees	18,083	10,192
Prepaid expenses	16,305	8,301
Other assets	11,037	31,907
Total	**171,170**	**123,495**

(i) Refers to credit card issuance costs, including printing, packing, and shipping costs, among others. The expenses are amortized based on the card's life, adjusted for any cancelations.

16. Derivative financial instruments

The Group executes transactions with derivative financial instruments, which are intended to meet its own needs in order to reduce its exposure to market, currency and interest-rate risks. The derivatives are classified as at fair value through profit or loss, except the ones in cash flow hedge accounting strategies, for which the effective portion of gains or losses on derivatives is recognized directly in other comprehensive income. The management of these risks is conducted through determining limits, and the establishment of operating strategies. The derivative contracts are considered level 1 or 2 in the fair value hierarchy and are used to hedge exposures, but hedge accounting is adopted only for forecast transactions related to the cloud infrastructure and certain software licenses used by Nu.

	9/30/2021		
		Fair values	
	Notional amount	Assets	Liabilities
Derivatives classified as fair value through profit or loss			
Interest rate contracts - Future	7,957,107	2,540	(3)
Currency exchange rate contracts - Future	87,685	300	(71)
Interest rate contracts - Swap	9,756	13	(89)
Forward contracts	86,408	86,408	(86,408)
Derivatives held for hedging			
Designated as cash flow hedges			
Exchange rate contracts - Future	74,230	282	(67)
Total	**8,215,186**	**89,543**	**(86,638)**

	12/31/2020		
		Fair values	
	Notional amount	Assets	Liabilities
Derivatives classified as fair value through profit or loss			
Interest rate contracts - Future	2,964,368	5	(2,421)
Currency exchange rate contracts - Future	65,961	27	(217)
Interest rate contracts - Swap	10,214	48	-
Derivatives held for hedging			
Designated as cash flow hedges			
Exchange rate contracts - Future	44,140	-	(145)
Embedded derivatives in convertible instruments	-	-	(72,521)
Total	**3,084,683**	**80**	**(75,304)**

Futures contracts are traded on the Brazilian stock exchange (B3 S.A. - Brasil, Bolsa, Balcão or “B3”), with B3 itself as a counterparty and daily settlement.

Swap contracts are settled on a daily basis and are traded over the counter with financial institutions as counterparties. The total value of margins pledged by the Group in transactions on the stock exchange is exhibited in note 12.

The table below shows the breakdown by maturity of the notional amounts:

	9/30/2021			
	Up to 3 months	3 to 12 months	Over 12 months	Total
Assets				
Interest rate contracts - Future	574,638	6,007	72	580,717
Exchange rate contracts - Future	161,913	-	-	161,913
Forward contracts	86,408	-	-	86,408
Total assets	**822,959**	**6,007**	**72**	**829,038**
Liabilities				
Interest rate contracts - Future	4,436,059	1,084,701	1,855,632	7,376,392
Interest rate contracts - Swap	-	-	9,756	9,756
Total liabilities	**4,436,059**	**1,084,701**	**1,865,388**	**7,386,148**
Total	**5,259,018**	**1,090,708**	**1,865,460**	**8,215,186**

	12/31/2020			
	Up to 3 months	**3 to 12 months**	**Over 12 months**	**Total**
Assets				
Interest rate contracts - Future	368,048	143,381	3,488	514,917
Exchange rate contracts - Future	110,101	-	-	110,101
Total assets	**478,149**	**143,381**	**3,488**	**625,018**
Liabilities				
Interest rate contracts - Future	39,393	242,931	2,167,127	2,449,451
Exchange rate contracts - Future	-	-	10,214	10,214
Total liabilities	**39,393**	**242,931**	**2,177,341**	**2,459,665**
Total	**517,542**	**386,312**	**2,180,829**	**3,084,683**

The table below shows the breakdown by maturity of the fair value amounts:

	9/30/2021		
	Up to 12 months	**Over 12 months**	**Total**
Assets			
Interest rate contracts - Future	80,989	2,460,290	2,541,279
Exchange rate contracts - Future	581,393	-	581,393
Forward contracts	86,408	-	86,408
Liabilities			
Interest rate contracts - Future	(2,827)	(922)	(3,749)
Exchange rate contracts - Future	(138,118)	-	(138,118)
Interest rate contracts - Swap	-	(88,743)	(88,743)
Forward contracts	(86,408)	-	(86,408)
Total	**521,437**	**2,370,625**	**2,892,062**

	12/31/2020		
	Up to 12 months	**Over 12 months**	**Total**
Assets			
Interest rate contracts - Future	1,413	3,817	5,230
Exchange rate contracts - Future	22,464	-	22,464
Interest rate contracts - Swap	47,568	-	47,568
Liabilities			
Interest rate contracts - Future	(53,353)	(2,367,010)	(2,420,363)
Exchange rate contracts - Future	(362,473)	-	(362,473)
Total	**(344,381)**	**(2,363,193)**	**(2,707,574)**

Analysis of derivatives designated as hedges

Hedges of foreign currency risk

The Group is exposed to foreign currency risk on forecast transaction expenses, primarily related to the cloud infrastructure and certain software licenses used by Nu. The Group managed its exposures to the variability in cash flows of foreign currency forecast transactions to movements in foreign exchange rates by entering into foreign exchange contracts (exchange futures). These instruments are entered into to match the cash flow profile of the estimated forecast transaction. They are exchange traded and settled on a daily basis.

The Group applies hedge accounting to the forecast transactions related to its main cloud infrastructure contract. The effectiveness is assessed monthly by analyzing the critical terms. The critical terms of the hedging instrument and the amount of the forecasted hedged transactions are significantly the same. Derivatives are generally rolled over monthly. They are expected to occur in the same fiscal month as the maturity date of the hedging instrument. Therefore, the hedge is expected to be effective. Subsequent assessments of effectiveness are performed by verifying and documenting whether the critical terms of the hedging instrument and forecasted hedged transaction have changed during the period in review and whether it remains probable. If there are no such changes in critical terms, the Group will continue to conclude that the hedging relationship is effective.

Sources of ineffectiveness are differences in the amount and timing of forecast and actual payment of expenses.

	9/30/2021	12/31/2020
Balance at beginning of the period/year	**49**	**1**
Fair value change recognized in OCI during the period/year	343	8,302
Total amount reclassified from cash flow hedge reserve to income statement during the period/year	408	(8,223)
to "Customer support and operation"	197	(5,480)
to "General and administrative expenses"	230	(4,925)
Effect of changes in exchange rates (OCI)	(19)	2,182
Deferred income taxes	(294)	(31)
Balance at end of the period / year	**506**	**49**

The material future transactions that are the subject of the hedge are:

	9/30/2021			12/31/2020
	Up to 3 months	3 to 12 months	Total	Total
Expected foreign currency transactions	19,980	59,023	79,003	46,399
Total	**19,980**	**59,023**	**79,003**	**46,399**

17. Instruments eligible as capital

	9/30/2021	12/31/2020
Financial liabilities at fair value through profit or loss		
Instruments eligible as capital	12,531	15,492
Total	**12,531**	**15,492**

In June 2019, the subsidiary Nu Financeira issued a subordinated financial letter in the amount equivalent to US$18,824 at the issuance date, which was approved as Tier 2 capital by the Brazilian Central Bank in September 2019. The note bears a fixed interest rate of 12.8% matures in 2029 and is callable in 2024.

The Group designated the instruments eligible as capital at fair value through profit or loss at its initial recognition. The losses of fair value changes arising from its own credit risk in the amount of US$868 were recorded in other comprehensive income (gains of US$96 in the nine-month period ended September 30, 2020). All other fair value changes and interests in the amount of US$3,207 (US$916 in the nine-month period ended September 30, 2020) were recognized in profit or loss.

	9/30/2021	12/31/2020
Balance at beginning of the year	**15,492**	**22,084**
Interest accrued	1,596	1,689
Fair value changes	(4,803)	(3,673)
Own credit transferred to OCI	868	219
Effect of changes in exchange rates (OCI)	(622)	(4,827)
Balance at end of the period/year	**12,531**	**15,492**

18. Financial liabilities at amortized cost – deposits

	9/30/2021	12/31/2020
Deposits by customers (i)		
Bank receipt of deposits (RDB)	*6,425,177*	*4,445,705*
Deposits in electronic money	*1,588,409*	*1,029,284*
Bank receipt of deposits (RDB-V)	*57,003*	*90,360*
Time deposit (ii)	19,246	19,513
Total	**8,089,835**	**5,584,862**

(i) In June 2019, Nu Financeira's RDB was launched as an investment option in “NuConta". Unlike the deposits in electronic money, Nu can use the resources from RDB’s deposits in other operations and as funding for the lending and credit card operations. RDB’s deposits have a special guarantee from the Brazilian Deposit Guarantee Fund (“FGC”). Deposits in electronic money through “NuConta", and part of the RDBs correspond to customer deposits on-demand with daily maturity made in the prepaid account, bearing interest equivalent to 100% of the Brazilian CDI rate, denominated in Brazilian Reais. In November 2019, Nu Financeira launched another type of RDB, the Linked Bank Receipt of Deposit (“RDB-V”), which has the same remuneration characteristics and daily liquidity as RDB.

In September 2020, Nu Financeira launched a new investment option – a RDB with scheduled redemption. Such modality differs from the common RDB, as it has redemption terms from 3 to 36 months and remuneration between 102% and 126% as of September 30, 2021 (102% and 126% on December 31, 2020) of the Brazilian CDI rate.

Deposits in electronic money also includes NuConta deposits as well as “Conta Nu Invest" amounts, the last corresponding to customer deposits on-demand with daily maturity made in their investment accounts. Those deposits are linked to government bonds ("LFTs") and have average remuneration of 100% of the Brazilian CDI rate.

(ii) In July 2020, subsidiary Nu Financeira issued a time deposit instrument (“DPGE”), also with a special guarantee from FGC, in the amount of R$100,000 (equivalent to US$19,000 at the issuance date), remunerated at the Brazilian DI rate + 1% per annum and maturity on July 7, 2022.

Breakdown by maturity

	9/30/2021		
	Up to 12 months	**Over 12 months**	**Total**
Deposits by customers			
Deposits in electronic money	1,588,409	-	1,588,409
Bank receipt of deposits (RDB)	6,380,566	44,611	6,425,177
Bank receipt of deposits (RDB-V)	57,003	-	57,003
Time deposit	-	19,246	19,246
Total	**8,025,978**	**63,857**	**8,089,835**

	12/31/2020		
	Up to 12 months	**Over 12 months**	**Total**
Deposits by customers			
Deposits in electronic money	1,029,284	-	1,029,284
Bank receipt of deposits (RDB)	4,415,892	29,813	4,445,705
Bank receipt of deposits (RDB-V)	90,360	-	90,360
Time deposit	-	19,513	19,513
Total	**5,535,536**	**49,326**	**5,584,862**

19. Financial liabilities at amortized cost – payables to credit card network

	9/30/2021	**12/31/2020**
Payables to credit card network (i)	4,080,123	3,329,879
Payables to clearing houses	47,568	1,379
Total	**4,127,691**	**3,331,258**

(i) Corresponds to the amount payable to the Mastercard brand related to credit card transactions. This amount is settled according to the transaction installments, substantially in up to 27 days for Brazilian transactions with no installments and 1 business day for international transactions. Sales in installments (“parcelado”) have monthly settlements over a period of up to 12 months. For Mexican and Colombian operations, the amounts are settled in 1 business day. The segregation of the settlement is shown in the table below:

Payables to credit card network	**9/30/2021**	**12/31/2020**
Up to 30 days	2,249,964	1,703,826
30 to 90 days	1,119,532	885,367
More than 90 days	710,627	740,686
Total	**4,080,123**	**3,329,879**

Collateral for credit card operations

As of September 30, 2021, the Group had US$11,379 (US$90,761 on December 31, 2020) of security deposits granted in favor of Mastercard. These securities are measured at fair value through profit and loss and are held as collateral for the amounts payable to the network and can be replaced by other securities with similar characteristics. The average remuneration rate of those deposits was 0.20% per month on September 30, 2021 (0.34% on December 31, 2020).

20. Financial liabilities at amortized cost – borrowing, financing and securitized borrowings

	9/30/2021	12/31/2020
Borrowings and financing	134,398	97,454
Securitized borrowings	26,759	79,742
Total	**161,157**	**177,196**

a) Borrowings and financings

Borrowings and financings maturities are as follows:

	9/30/2021			
	Up to 3 months	3 to 12 months	Over 12 months	Total
Borrowings and financings				
Bills of exchange (ii)	-	10,422	-	10,422
Term loan credit facility (iii)	238	1,012	122,726	123,976
Total borrowings and financings	**238**	**11,434**	**122,726**	**134,398**

	12/31/2020			
	Up to 3 months	3 to 12 months	Over 12 months	Total
Borrowings and financings				
Financial letter (i)	-	60,126	-	60,126
Bills of exchange (ii)	5,620	1,588	10,476	17,684
Term loan credit facility (iii)	-	254	19,389	19,644
Total borrowings and financings	**5,620**	**61,968**	**29,865**	**97,454**

(i) In June 2019, the Group issued a floating interest rate note in R$ in the amount equivalent to US$76,000 on the issuance date. The note was fully paid in June 2021.

(ii) Corresponds to fixed and floating rate bills of exchange in the amount equivalent to US$12,941 on the issuance date, with maturity dates between January and July 2022 and interest on floating rates as of September 30, 2021 between 100% and 118% (113% and 119 % as of December 31, 2020) of the Brazilian CDI and between 8.35% and 9.09% for the fixed rate bills as of September 30, 2021 and December 31, 2020.

(iii) Corresponds to three term loan credit facilities obtained by subsidiary Nu Servicios, in Mexican pesos, from:

a) Bank of America México, S.A., Institución de Banca Múltiple (“BofA”) in MXN in the amount equivalent to US$30,000 on the issuance dates, with interest equivalent to 6% per annum (Mexican Interbanking Equilibrium Interest Rate (“TIIE”) + 1.40%) and maturity date in July 2023.

b) JPMorgan México in MXN in the total amount equivalent to US$70,000 on the issuance dates, with interest from 5.7% to 6% per annum (TIIE + 1.0% and TIIE + 1.45%, respectively). The maturity dates are November 2022 and July 2024.

c) Goldman Sachs in MXN with the equivalent amount on the issuance dates of US$25,000, with interest equivalent to 5.9% per annum (TIIE + 1.18%) and maturity date in January 2024.

Changes to borrowings and financings are as follows:

	9/30/2021			
	Financial letter	Bills of exchange	Term loan credit facility	Total
Balance at beginning of the year	**60,126**	**17,684**	**19,644**	**97,454**
New borrowings	-	-	106,393	106,393
Payments – principal	(54,787)	(6,447)	-	(61,234)
Payments – interest	(4,601)	(337)	(1,338)	(6,276)
Interest accrued	786	185	2,358	3,329
Effect of changes in exchange rates (OCI)	(1,524)	(663)	(3,081)	(5,268)
Balance at end of the period	**-**	**10,422**	**123,976**	**134,398**

	12/31/2020				
	Financial letter	Bank credit bill	Bills of exchange	Term loan credit facility	Total
Balance at beginning of the year	**77,061**	**34,183**	**22,157**	**-**	**133,401**
New borrowings	-	-	-	17,974	17,974
Payments – principal	(1,508)	(26,148)	(237)	-	(27,893)
Payments – interest	(45)	(1,279)	(24)	-	(1,348)
Interest accrued	1,936	743	770	236	3,685
Effect of changes in exchange rates (OCI)	(17,318)	(7,499)	(4,982)	1,434	(28,365)
Balance at end of the year	**60,126**	**-**	**17,684**	**19,644**	**97,454**

Guarantees

The Company, together with its subsidiary Nu Pagamentos, are guarantors to the abovementioned loan agreements between Nu Servicios and BofA, JP Morgan and Goldman Sachs. The total amount of the guarantees is US$135,000.

b) Securitized borrowings

Securitized borrowings maturities are as follows:

	9/30/2021		
	Until 3 months	3-12 months	Total
Securitized borrowings			
2nd series	1,168	-	1,168
3rd series	2,843	22,748	25,591
Total securitized borrowings	**4,011**	**22,748**	**26,759**

	12/31/2020			
	Until 3 months	3-12 months	Over 12 months	Total
Securitized borrowings				
2nd series	1,214	3,623	-	4,837
3rd series	16,128	48,091	10,686	74,905
Total securitized borrowings	**17,342**	**51,714**	**10,686**	**79,742**

Securitized borrowings correspond to senior quotas issued by FIDC Nu, with maturity dates until February 2022 and interest rates of Brazilian CDI + 4% for 2nd series and CDI + 1.1% for 3rd series. Senior notes of 1st series were fully settled in 2020. Nu Pagamentos is the holder of the subordinated quotas. The underlying assets of the FIDC correspond to credit card receivables.

As of September 30, 2021, FIDC Nu had receivables in the amount equivalent to US$26,176 (US$56,989 on December 31, 2020). These assets are not available for transfer to settle liabilities in other entities of the Group.

Changes to securitized borrowings are as follows:

	9/30/2021	12/31/2020
Balance at beginning of the year	**79,742**	**169,925**
Interest accrued	1,619	4,633
Payments – principal	(50,387)	(52,172)
Payments – interest	(1,651)	(4,819)
Effect of changes in exchange rates (OCI)	(2,564)	(37,825)
Balance at end of the period/year	**26,759**	**79,742**

21. Provision for lawsuits and administrative proceedings

	9/30/2021	12/31/2020
Tax risks	15,277	15,995
Civil risks	934	470
Labor risks	12	4
Total	**16,223**	**16,469**

The Company and its subsidiaries are parties to lawsuits and administrative proceedings arising from the ordinary course of operations, involving tax, civil and labor matters. Such matters are being discussed at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. The provisions for probable losses arising from these matters are estimated and periodically adjusted by Management, supported by external legal advisors' opinion. There is significant uncertainty relating to the timing of any cash outflow for civil and labor risk.

a) Provision

Regarding tax risks, a provision in the amount of US$15,277 (US$15,995 on December 31, 2020) was recorded as a legal obligation related to the increase in the contribution of certain Brazilian taxes (PIS and COFINS). The Group has a judicial deposit in the amount related to this claim, as shown below in item d). In July 2019, Nu withdrew the lawsuit and is currently awaiting the judicial deposits' release to the Brazilian Tax Authorities, which is expected to occur by December 2023.

Civil lawsuits are mainly related to credit card operations. Based on Management's assessment and inputs from Nu's external legal advisors, the Group has provisioned US$934 (US$470 on December 31, 2020) considered sufficient to cover estimated losses from civil suits.

b) Changes

Changes to provision for lawsuits and administrative proceedings are as follows:

	9/30/2021		
	Tax	Civil	Labor
Balance at beginning of the year	**15,995**	**470**	**4**
Additions	-	885	8
Payments / Reversals	-	(391)	-
Effect of changes in exchange rates (OCI)	(718)	(30)	-
Balance at end of the period	**15,277**	**934**	**12**

	12/31/2020		
	Tax	Civil	Labor
Balance at beginning of the year	**20,631**	**300**	**21**
Additions	-	1,472	2
Payments / Reversals	-	(1,234)	(13)
Effect of changes in exchange rates (OCI)	(4,636)	(68)	(6)
Balance at end of the year	**15,995**	**470**	**4**

c) Contingencies

The Group is a party to civil and labor lawsuits, involving risks classified by Management and the legal advisors as possible losses, totaling approximately US$4,555 and US$450, respectively (US$4,054 and US$242 on December 31, 2020). Based on Management's assessment and inputs from the Group's external legal advisors, no provision was recognized for those lawsuits as of September 30, 2021 and December 31, 2020.

d) Judicial deposits

As of September 30, 2021, the total amount of judicial deposits shown as "Other assets" (note 15) is US$15,679 (US$16,440 on December 31, 2020) and is substantially related to the tax proceeding.

22. Deferred income

	9/30/2021	12/31/2020
Deferred revenue from points	24,180	19,256
Deferred annual fee	5,196	5,773
Other deferred income	43	936
Total	**29,419**	**25,965**

Deferred revenue from points and deferred annual fee are related to the Group's reward program for its credit card customers, called "Rewards".

23. Senior preferred shares

	9/30/2021	12/31/2020
Balance at beginning of the period/year	**400,915**	**-**
New issuances	-	300,000
Deferred expenses	-	(236)
Interest accrued	22,108	28,630
Changes in the fair value of the embedded derivative conversion feature	(22,108)	72,521
Expenses with convertible instruments	**-**	**101,151**
Conversion of senior preferred shares and embedded derivative into equity	(400,915)	-
Balance at end of the period/year	**-**	**400,915**
Host debt instrument at amortized cost	**-**	**328,394**
Embedded derivative at fair value	**-**	**72,521**

The table above should be read in conjunction with note 22 disclosed in the consolidated financial statements for the year ended December 31, 2020.

On May 20, 2021, each senior preferred share was converted into 1 Series F-1 preferred share, with the total issuance of 16,795,799 shares at the request of the holders. The conversion consisted of a reclassification of the amount recognized as a derivative and recognized as liability into share capital and share premium reserve in the total amount of US$400,915.

24. Related parties

Related parties are shareholders with significant interest, companies linked to them, including their executive directors and board members, key employees and their relatives.

In the ordinary business course, the Group may have issued credit cards or loans to Nu's executive directors, board members, key employees and their relatives. Those transactions, as well as the deposits, occur on similar terms as those prevailing at the time for comparable transactions to unrelated persons and do not involve more than the normal risk of collectability.

As described in note 4 "Basis of consolidation", all subsidiaries are consolidated in these financial statements. Therefore, related party balances and transactions, and any unrealized income and expenses arising from related party transactions, are all eliminated in the consolidated financial statements.

The exchange differences arising from intercompany loans between entities of the group with different functional currencies are shown as "Other income (expenses)" in the statement of profit or loss.

a) Transactions with other related parties

	9/30/2021	
	Assets/ (Liabilities)	Revenues (expenses)
Others	518	(1,309)

On June 30, 2021, the Group entered into a service and naming rights agreement with Rodamoinho Produtora de Eventos Ltda., owned by a member of the Company's Board of Directors. In addition, on January 27, 2021, the Group made payments for training and workshops provided by Reprograma, a philanthropic project managed by a family member of the Company's controlling shareholder.

On June 30, 2021, the Company sold 240,072 Series G-1 preferred shares at a purchase price of US$39.988768 per share to the Company's Board Members, in the total amount of USD1,600.

25. Fair value measurement

The main valuation techniques employed in internal models to measure the fair value of the financial instruments on September 30, 2021, and December 31, 2020 are set out below. The principal inputs into these models are derived from observable market data. The Group did not make any material changes to the valuation techniques and internal models it used in those periods.

a) Fair value of financial instruments carried at amortized cost

The following tables show the fair value of the financial instruments carried at amortized cost on September 30, 2021, and December 31, 2020.

	9/30/2021		
	Book value	**Fair value - Level 2**	**Fair value - Level 3**
Assets			
Compulsory deposits at central banks	422,649	422,649	-
Credit card receivables	4,061,505	-	3,636,464
Loans to customers	792,736	-	861,626
Interbank transactions	19,749	19,749	-
Other financial assets at amortized cost	39,228	39,228	-
Total	**5,335,867**	**481,626**	**4,498,090**
Liabilities			
Deposits in electronic money	1,588,409	1,362,263	-
Bank receipt of deposits (RDB) and RDB-V	6,482,180	6,482,180	-
Time deposit (DPGE)	19,246	19,246	-
Payables to credit card network	4,127,691	4,298,763	-
Borrowings and financing	134,398	123,976	-
Securitized borrowings	26,759	26,743	-
Total	**12,378,683**	**12,313,171**	**-**

	12/31/2020		
	Book value	**Fair value - Level 2**	**Fair value - Level 3**
Assets			
Compulsory deposits at central banks	43,542	43,542	-
Credit card receivables	2,908,907	-	2,720,518
Loans to customers	174,694	-	242,305
Interbank transactions	-	-	-
Other financial assets at amortized cost	22,870	22,870	-
Total	**3,150,013**	**66,412**	**2,962,823**
Liabilities			
Deposits in electronic money	1,029,284	1,029,356	-
Bank receipt of deposits (RDB) and RDB-V	4,536,065	4,536,065	-
Time deposit (DPGE)	19,513	19,513	-
Payables to credit card network	3,331,258	3,313,608	-
Borrowings and financing	97,454	96,877	-
Securitized borrowings	79,742	79,726	-
Total	**9,093,316**	**9,075,145**	**-**

Cash and cash equivalents include short-term deposits, bank balances and reverse repurchase agreements, among others. For cash and cash equivalents, interbank transactions, other financial assets at amortized cost, borrowings and financing and securitized borrowings, the carrying amount is deemed to be a reasonable approximation of the fair value.

The valuation approach to specific categories of financial instruments is described below.

i) Fair value models and inputs

Credit card: Credit card receivables and payables to credit card network's fair values are calculated using the discounted cash flow method. Fair values are determined by discounting the contractual cash flows by the interest rate curve. For payables, cash flows are also discounted by the Group's own credit spread. For receivables, fair values exclude expected losses. The Group used the rate of recovery of late payments as input that is not directly observable, estimated using the Group's internal databases.

Loans to customers: Fair value is estimated based on groups of clients with similar risk profiles, using valuation models. The fair value of a loan is determined by discounting the contractual cash flows by the interest rate curve and net interest spread. The Group used the rate of recovery of late payments as input that is not directly observable, estimated using the Group's internal databases.

Deposits: The majority of deposit liabilities are payable on demand and therefore can be deemed short-term in nature with the fair value equal to the carrying value.

Equity instrument: For the fair value of equity instrument, the Group used contractual conditions, as input is not directly observable.

b) Fair value of financial instruments measured at fair value

The following table shows a summary of the fair values, as of September 30, 2021, and December 31, 2020, of the financial assets and liabilities indicated below, classified on the basis of the various measurement methods used by the Group to determine their fair value:

	9/30/2021			
	Published price quotations in active markets (Level 1)	Internal Models (Level 2)	Internal Models (Level 3)	Total
Assets				
Financial treasury bills (LFT)	3,445,762	-	-	3,445,762
National treasury bills (LTN)	2,971,806	-	-	2,971,806
National treasury notes (NTN)	311	-	-	311
Certificate of bank deposits (CDB)	-	-	148	148
Bank receipt of deposits (RDB)	-	1	-	1
Investment funds	-	88,011	-	88,011
Bill of credit (LC)	-	27	-	27
Real estate and agribusiness letter of credit (CRIs/CRAs)	-	1,287	-	1,287
Debenture	-	1,288	-	1,288
Equity instrument	-	-	9,088	9,088
Derivative financial instruments	89,543	-	-	89,543
Collateral for credit card operations	-	11,379	-	11,379
Liabilities				
Derivative financial instruments	86,549	89	-	86,638
Instruments eligible as capital	-	12,531	-	12,531

	12/31/2020			
	Published price quotations in active markets (Level 1)	**Internal Models (Level 2)**	**Internal Models (Level 3)**	**Total**
Assets				
Financial treasury bills (LFT)	1,836,139	-	-	1,836,139
National treasury bills (LTN)	2,300,676	-	-	2,300,676
National treasury notes (NTN)	408	-	-	408
Bank receipt of deposits (RDB)	-	1	-	1
Investment funds	-	150,030	-	150,030
Bill of credit (LC)	-	23	-	23
Derivative financial instruments	32	48	-	80
Collateral for credit card operations	-	90,761	-	90,761
Liabilities				
Embedded derivatives in convertible instruments and other derivatives	2,783	-	72,521	75,304
Instruments eligible as capital	-	15,492	-	15,492

Securities: The securities with high liquidity and quoted prices in the active market are classified as Level 1. As a result, all the Brazilian Government Bonds are included in Level 1 as they are traded in an active market. Fair values are the quoted prices of the secondary market, published by the Brazilian Association of Financial and Capital Market Entities ("Anbima").

Derivatives: Derivatives traded on stock exchanges are classified in Level 1 of the hierarchy. Derivatives traded on the Brazilian stock exchange ("B3") are fair valued using B3 quotations. Interest rate OTC Swaps are valued by discounting future expected cash flows to present values using interest rate curves based on interest rate futures and are classified as Level 2. The embedded derivative conversion feature from the senior preferred share, was calculated based on methodologies for the share price described in note 10.

Instruments eligible as capital: If the instrument has an active market, prices quoted in this market are used. Otherwise, valuation techniques are used, such as discounted cash flows, where cash flows are discounted by a risk-free rate and a credit spread. Instruments eligible as capital were designated at fair value through profit or loss in the initial recognition (fair value option).

There were no differences between the fair value at initial recognition and the transaction prices.

c) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are reported regularly throughout the year. For the nine-month period ended September 30, 2021, and for the year ended December 31, 2020, there were no transfers of financial instruments between Levels 1 and 2 or between Levels 2 and 3.

26. Income tax

Current and deferred tax are determined for all transactions that have been recognized in the consolidated financial statements using the provisions of the current tax laws. The current income tax expense or benefit represents the estimated taxes to be paid or refunded, respectively, for the current period. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities. They are measured using the tax rates and laws that will be in effect when the temporary tax differences are expected to reverse.

a) Income tax reconciliation

The tax on the Group's pre-tax profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. In March 2021, the Social Contribution tax rate in Brazil increased 5 percentage points, thus the combined income tax rate increased from 40% to 45%. The change is effective from July 1 to December 31, 2021, and it mainly affects the subsidiaries Nu Pagamentos, Nu Financeira, Nu DTVM and Nu Invest. Thus, the following is a reconciliation of income tax expense to profit (loss) for the period, calculated by applying the combined Brazilian income tax rate of 45% for the nine-month period ended September 30, 2021, and 40% for the nine-month period ended September 30, 2020:

	9/30/2021	09/30/2020
Net loss before income tax	**(81,662)**	**(79,406)**
Tax rate (i)	45%	40%
Income tax	**36,748**	**31,762**
Permanent additions/exclusions		
Share-based payments	(13,705)	(4,391)
Customers gifts	(228)	(188)
Operational losses	(4,820)	(3,829)
Increase in income tax rate	(7,215)	-
Other expenses from Nu Holdings not subject to taxation	(8,593)	(5,974)
Effect of different tax rates - subsidiaries	(18,688)	(4,277)
Other non-deductible expenses	(1,695)	(32)
Income tax for the period	**(18,196)**	**13,071**
Current tax expense	(150,130)	(9,107)
Deferred tax benefit	132,732	24,079
Deferred tax recognized in OCI	(798)	(1,901)
Income tax for the period	**(18,196)**	**13,071**
Effective tax rate	21.30%	-18.85%

(i) For reconciliation purposes, the tax rate used was derived from the statutory rates applicable to the Brazilian subsidiaries, which represent the most significant portion of the operations of the Group.

b) Deferred income taxes

The following tables presents significant components of the Group's deferred tax assets and liabilities as of September 30, 2021, and December 31, 2020, and the changes for the periods then ended. The accounting records of deferred tax assets on income tax losses and/or social contribution loss carryforwards, as well as those arising from timing differences, are based on technical feasibility studies which consider the expected generation of future taxable income, considering the history of profitability for each subsidiary individually.

The Group has no time limit for use of the deferred tax assets, but the use of the deferred tax asset related to tax loss and negative basis of social contribution is limited to 30% of taxable profit per year.

Reflected in the statement of profit or loss	12/31/2020	Business combination	Constitution	Realization	Foreign exchange	9/30/2021
Provisions for credit losses	68,155	57	118,663	(33,151)	(4,800)	148,924
Provision PIS/COFINS - Financial Revenue	6,398	-	-	-	(287)	6,111
Other provisions	33,323	522	27,456	(16,105)	(2,419)	42,777
Fair value changes - financial instruments	8,659	1	63,211	(1,049)	(1,298)	69,524
Total deferred tax assets on temporary differences	**116,535**	**580**	**209,330**	**(50,305)**	**(8,804)**	**267,336**
Tax loss and negative basis of social contribution	8,596	8,366	45,755	-	(1,595)	61,122
Deferred tax assets	**125,131**	**8,946**	**255,085**	**(50,305)**	**(10,399)**	**328,458**
Futures settlement market	-	-	(68,053)	-	(1,116)	(69,169)
Fair value changes - financial instruments	(8,741)	-	-	7,129	209	(1,403)
Others	-	-	(12,393)	1,269	256	(10,868)
Deferred tax liabilities	**(8,741)**	**-**	**(80,446)**	**8,398**	**(651)**	**(81,440)**
Deferred tax assets net of deferred tax liabilities	**116,390**	**8,946**	**174,639**	**(41,907)**	**(11,050)**	**247,018**

Reflected in equity, in other comprehensive income	12/31/2020	Constitution	9/30/2021
Fair value changes - cash flow hedge	(32)	(294)	(326)
Fair value instruments at FVTOCI	-	(504)	(504)
Total	**(32)**	**(798)**	**(830)**

Reflected in the statement of profit or loss	**12/31/2019**	**Constitution**	**Realization/ Reversal**	**Foreign exchange**	**12/31/2020**
Provisions for credit losses	63,846	79,383	(60,808)	(14,266)	68,155
Provision PIS/COFINS - Financial Revenue	8,252	-	-	(1,854)	6,398
Other provisions	14,944	27,125	(5,242)	(3,504)	33,323
Fair value changes - financial instruments	2,177	8,945	(1,791)	(672)	8,659
Total deferred tax assets on temporary differences	**89,219**	**115,453**	**(67,841)**	**(20,296)**	**116,535**
Tax loss and negative basis of social contribution	4,979	7,150	(3,724)	191	8,596
Deferred tax assets	**94,198**	**122,603**	**(71,565)**	**(20,105)**	**125,131**
Fair value changes - financial instruments	(698)	(7,013)	-	(1,030)	(8,741)
Deferred tax liabilities	**(698)**	**(7,013)**	**-**	**(1,030)**	**(8,741)**
Deferred tax assets net of deferred tax liabilities	**93,500**	**115,590**	**(71,565)**	**(21,135)**	**116,390**

Reflected in equity, in other comprehensive income	**12/31/2019**	**Constitution**	**12/31/2020**
Fair value changes - cash flow hedge	(1)	(31)	(32)
Total	**(1)**	**(31)**	**(32)**

27. Equity

The table below presents the changes in shares issued and fully paid and shares authorized, by class, as of September 30, 2021, and December 31, 2020

Shares authorized and fully issued	Ordinary shares	Preferred shares	Senior preferred shares	Management shares	Class A Ordinary shares	Class B Ordinary shares	Total	Total after 6-for-1 forward share split
Total as of December 31, 2019	**215,537,175**	**422,057,050**	**-**	**2,500**	**-**	**-**	**637,596,725**	**3,825,580,350**
SOPs exercised and RUSs vested	7,235,430	-	-	-	-	-	7,235,430	43,412,580
Shares withheld for employees' taxes (note 10)	(114,341)	-	-	-	-	-	(114,341)	(686,046)
Shares repurchased	(1,171)	-	-	-	-	-	(1,171)	(7,026)
Capital increase (Series F-1)	-	-	16,795,799	-	-	-	16,795,799	100,774,794
Total as of December 31, 2020	**222,657,093**	**422,057,050**	**16,795,799**	**2,500**	**-**	**-**	**661,512,442**	**3,969,074,652**
SOPs exercised and RUSs vested	6,314,494	-	-	-	2,877,990	-	9,192,484	55,154,904
Shares withheld for employees' taxes (note 10)	(320,866)	-	-	-	(204,345)	-	(525,211)	(3,151,265)
Shares repurchased	(203,643)	-	-	-	-	-	(203,643)	(1,221,858)
Capital increase (Series G)	-	11,758,704	-	-	-	-	11,758,704	70,552,224
Conversion of senior preferred shares (Series F-1)	-	16,795,799	(16,795,799)	-	-	-	-	-
Issuance of preferred shares due to Easynvest business combination	-	8,019,426	-	-	-	-	8,019,426	48,116,556
Capital increase (Series G-1)	-	10,002,809	-	-	-	-	10,002,809	60,016,854
Conversion of ordinary shares in class A shares	(228,447,078)	-	-	-	228,447,078	-	-	-
Conversion of class A shares in class B shares	-	-	-	-	(184,110,692)	184,110,692	-	-
Awards issued	-	-	-	-	-	7,596,827	7,596,827	45,580,962
Issuance of Class A shares - Cognitect acquisition	-	-	-	-	107,489		107,489	644,934
Subtotal balances before the 6-for-1 forward share split	**-**	**468,633,788**	**-**	**2,500**	**47,117,520**	**191,707,519**	**707,461,327**	**4,244,767,963**
Issuance of shares due to the 6-for-1 forward share split	-	2,343,168,940	-	12,500	235,587,601	958,537,595	3,537,306,636	-
Total as of September 30, 2021	**-**	**2,811,802,728**	**-**	**15,000**	**282,705,121**	**1,150,245,114**	**4,244,767,963**	**4,244,767,963**

Shares authorized and unissued	Ordinary shares	Preferred shares	Senior preferred shares	Management shares	Class A Ordinary shares	Class B Ordinary shares	Total	Total after 6-for-1 forward share split
Business combination - contingent share consideration	-	-	-	-	4,092,511	-	4,092,511	4,092,511
Reserved for the share-based payments	-	-	-	-	538,261,307	-	538,261,307	538,261,307
Reserved for the issuance of the Award	-	-	-	-	-	-	-	-
Other, including the conversion of preferred shares into class A or B shares	-	59,883,444	-	-	3,798,691,109	3,473,504,934	7,332,079,487	7,332,079,487
Shares authorized as of September 30, 2021	**-**	**59,883,444**	**-**	**-**	**4,341,044,927**	**3,473,504,934**	**7,874,433,305**	**7,874,433,305**
Shares authorized issued	**-**	**2,811,802,728**	**-**	**15,000**	**282,705,121**	**1,150,245,114**	**4,244,767,963**	**4,244,767,963**
Total shares	**-**	**2,871,686,172**	**-**	**15,000**	**4,623,750,048**	**4,623,750,048**	**12,119,201,268**	**12,119,201,268**

At the Meeting of Shareholders held on August 30, 2021, the 6-for-1 forward share split of the Company's shares was approved.

On May 29, 2021, each issued and unissued authorized ordinary shares was converted into one class A ordinary shares, and 770,625,008 class B ordinary shares (4,623,750,048 after the 6-for-1 forward share split) were created. The rights of the holders of class A ordinary shares and class B ordinary shares are identical, except that (1) holders of class B ordinary shares are entitled to 20 votes per share, whereas holders of class A ordinary shares are entitled to one vote per share; (2) holders of class B ordinary shares have certain conversion rights into class A ordinary shares; (3) holders of class B ordinary shares are entitled to preemptive rights in the event that additional class A ordinary shares are issued in order to maintain their proportional ownership interest; and (4) class B ordinary shares shall not be listed on any stock exchange and will not be publicly traded.

In June 2021, 184,110,692 class A ordinary shares (1,104,664,152 after the 6-for-1 forward share split) were converted into class B ordinary shares.

On July 5, 2021, Nu Holdings issued 7,596,827 class A ordinary shares (45,580,962 after the 6-for-1 forward share split) pursuant to the achievement of market conditions on the Awards described in note 10; and on July 21, 2021, they were converted into class B ordinary shares

On August 4, 2021, Nu Holdings issued 107,489 class A ordinary shares (644,934 after the 6-for-1 forward share split) due to compensation for post combination services agreed upon for the acquisition of Cognitect in 2020.

The Company has ordinary shares authorized and not fully paid relating to commitments from acquisitions of entities, the issuance due to the share-based payment plans (note 10) and the potential conversion of the preferred shares.

Share capital and share premium reserve

All share classes of the Company had a nominal par value of US$0.0000067 on September 30, 2021, and US$0.00004 on December 31, 2020, and the total amount of share capital is US$81 (US$45 as of December 31, 2020).

Share premium reserve relates to amounts contributed by shareholders over the par value at the issuance of shares.

a) Issuance of preferred shares

The table above presents the number of shares issued, and the following table presents the amount in US$ of shares issued, increase in capital and premium reserve in transactions other than the exercise of the SOPs and vesting of RSUs:

Date	Capital and share premium reserve
6/18/2020 - Series F-1	400,915
1/27/2021 - Series G	400,000
6/4/2021 - Series G-1	400,000
Total presented as equity	**1,200,915**

In January 2021, Nu Holdings completed the preferred shares issuance – Series G – in the amount of US$400,000. As a result of the transaction, 11,758,704 Series G preferred shares (70,552,224 after the 6-for-1 forward share split) were issued and 7,466,778 ordinary shares (44,800,668 after the 6-for-1 forward share split) were made available for issuance for the Company's share-based compensation program.

As described in note 23, on May 20, 2021, the senior preferred shares related to Series F-1 were fully converted into equity, with the total issuance of 16,795,799 shares (100,774,794 after the 6-for-1 forward share split) at the request of the holders. The conversion consisted of a reclassification of the amount recognized as a derivative and as liability into share capital and share premium reserve in the total amount of US$400,915.

In June 2021, Nu Holdings completed the preferred shares issuance Series G-1 – in the amount of US$400,000. As a result of the transaction, 10,002,809 Series G-1 preferred shares (60,016,854 after the 6-for-1 forward share split) were issued.

b) Accumulated losses

The accumulated losses include the share-based payment reserve amount, as shown in the table below.

As described in note 10, the Group's share-based payments include incentives in the form of SOPs, RSUs and Awards. Further, the Company can use the reserve to absorb accumulated losses.

	9/30/2021	12/31/2020
Accumulated losses	(270,406)	(171,491)
Share-based payments reserve	161,513	69,050
Total attributable to shareholders of the parent company	**(108,893)**	**(102,441)**
Accumulated losses attributable to non-controlling interests	(145)	0
Total accumulated losses	**(109,038)**	**(102,441)**

c) Shares repurchased and withheld

Shares may be repurchased from former employees when they leave the Group or withheld because of RSUs plans in order to settle the employee's tax obligation. These shares repurchased or withheld are canceled and cannot be reissued or subscribed. During the nine-month period ended on September 30, 2021, and the year ended December 31, 2020, the following shares were repurchased:

	9/30/2021	12/31/2020
Quantity of shares repurchased	1,221,858	1,171
Total value of shares repurchased	4,449	15
Quantity of shares withheld - RSU	1,925,196	114,341
Total value of shares withheld - RSU	12,714	2.646

Number of shares after the 6-for-1 forward share split.

d) Accumulated other comprehensive income

Other comprehensive income includes the amounts, net of the related tax effect, of the adjustments to assets and liabilities recognized in equity through the consolidated statement of comprehensive income.

Other comprehensive income that may be subsequently reclassified to profit or loss is related to cash flow hedges that qualify as effective hedges and currency translation that represents the cumulative gains and losses on the retranslation of the Group's investment in foreign operations. These amounts will remain under this heading until they are recognized in the consolidated statement of profit or loss in the periods in which the hedged items affect it.

The own credit reserve reflects the cumulative own credit gains and losses on financial liabilities designated at fair value. Amounts in the own credit reserve are not reclassified to profit or loss in future periods.

The accumulated balances are as follows:

	9/30/2021	12/31/2020
Cash flow hedge effects, net of deferred taxes	506	49
Currency translation on foreign entities	(100,806)	(97,081)
Changes in fair value - financial instruments at FVTOCI, net of deferred taxes	620	-
Own credit adjustment effects	(1,336)	(468)
Total	**(101,016)**	**(97,500)**

28. Management of financial risks, financial instruments, and other risks

a) Overview

The Group prioritizes risks that could have a material impact on its strategic objectives, including the ones required to be adherent to the applicable regulations. To efficiently manage and mitigate these risks, the risk management structure conducts risk identification and assessment to prioritize the risks that are key to pursue potential opportunities and/or that may prevent value from being created or that may compromise existing value, with the possibility of having impacts on results, capital, liquidity, customer relationship and reputation.

Risks that are actively monitored include:

1. Credit risk;
2. Liquidity risk;
3. Market Risk and Interest Rate Risk in the Banking Book (IRRBB);
4. Operational Risk / Information Technology (IT) Risk;
5. Compliance Risk; and
6. Reputational Risk.

b) Risk Management Structure

The Group's risk management structure considers the size and complexity of its business, which allows the monitoring and control of the risks to which it is exposed.

The risk management process permeates the entire Group, across the countries where Nu has operations, in line with the guidelines of management and executives, who, through committees and other internal meetings, define strategic objectives, including risk appetite. In addition, the capital control and management units provide support through risk and capital monitoring and analysis processes.

The Group considers a risk appetite statement (“RAS”) to be an essential tool to support risk management and decision making. Therefore, its development is aligned with the business plan, strategy development and capital. Nu has defined a RAS that prioritizes the main risks and, for each of these, qualitative statements and quantitative metrics expressed in relation to gains, capital, risk measures, liquidity and other relevant measures have been implemented, as appropriate.

Nu's risk management structure permeates the Group as a whole, allowing inherent and residual risks to be properly identified, measured, evaluated, monitored, reported, controlled and mitigated to support the development of its activities. Thus, Nu has adopted a model which consists of three lines of defense, as follows:

- **First line of defense (risk owner accountability)**: business functions or activities that generate exposure to risks, whose managers perform risk management in accordance with policies, limits and other conditions defined and approved by the Board of Directors. The first line of defense must have the means to identify, measure, address and report the risks assumed.

- **Second line of defense (review and challenge)**: consists of the areas of Risk Management, Internal Controls and Compliance. It ensures an effective control of risks and that these are managed according to the defined appetite level. Responsible for proposing risk management policies, developing models, methodologies, as well as for evaluating and supervising the first line of defense.

- **Third line of defense (risk assurance)**: composed of Internal Audit, it is responsible for periodically independently evaluating whether policies, methods and procedures are adequate, in addition to verifying their effective implementation.

Another important element of the risk management framework is the structure of Technical Forums and Committees. These governance bodies were designed and implemented to monitor and make decisions on aspects associated with the Group's management and control. Nu has implemented this structure both at a Global and a country-level perspective, as described below.

Global risk related Governance bodies:

- **Audit and Risk Committee**: its main duties are to evaluate the performance and progress of the work of the Internal Audit, the independent audit, as well as the respective reports related to the internal control systems, to follow the recommendations made by the internal and independent auditors to the Management, to evaluate and opine on the financial statements, to assist the Board of Directors in the performance of its risk management and control functions, and monitoring the level of risk exposure according to the RAS. It consists of at least three members and meets at least quarterly.

- **Ethics Committee**: the main objective is to ensure that Nu is in compliance with the highest ethical principles which are reflected in Nu's Code of Conduct. Also, the Committee provides guidance on possible conflicting situations and oversees the whistleblowing channel and the Ethics annual plan and meets bi-monthly.

Country-level risk related Governance bodies:

Each of the countries where the Group has operations established a structure of governance based on the relevant regulatory requirements and composed of the following elements. Depending on the nature of the subject to be managed, some meetings can be grouped to cover more than one country.

- **Risk Committee**: its objective is to assist the country's executive officers in the performance of its risk management and control functions, monitoring the level of risk exposure according to the RAS. It also aims to adopt strategies, policies and measures aimed at disseminating the culture of internal controls and risk mitigation. The Risk Committee occurs monthly, and its mandatory members are designated by the country's executive management, including both executive and independent non-executive members.

- **Credit Committee**: its objective is to review and supervise credit strategies, as well as to review their impact on the results of its subsidiaries, the macroeconomic environment, risk information, as well as on the credit market and competition. The Credit Committee takes place monthly and is composed of mandatory members designated by the country's executive management.

- **Audit Committee**: its main duties are to evaluate the performance and progress of the work of the Internal Audit team, the independent audit, as well as the respective reports related to the internal control systems. Additionally, the Audit Committee follows the recommendations made by the internal and independent auditors to the Management, as well as how to evaluate and opine on the financial statements. The Audit Committee consists of three to seven members (including independent members) and meets at least once a month.

- **Technical Forums**: regular meetings to discuss and propose recommendations to the country-level Risk Committee. Depending on the materiality in each of the countries, the topics listed below can have its own technical forum, with the participation of executives from associated areas: accounting and taxes, operational risk and internal controls, asset and liability management ("ALM") / capital, information technology risks ("IT"), data privacy, compliance, fraud prevention, anti-money laundering ("AML"), stress tests, product review, credit provisions and customer relationship. Each Technical Forum has its own charter, establishing the scope of work, voting members and other working model attributes. The meetings of each Technical Forum take place at defined intervals, usually monthly.

c) Risks actively monitored

The Group is exposed to different risks arising from its activities. Risk monitoring adapts as new risks and threats emerge. Currently, the Group is focused on the following risks:

- **Credit Risk**

The Group credit risk management structure is independent from the business units and provides processes and tools to measure, monitor, control and report the credit risk from all products, continuously verifying their adherence to the approved policies and risk appetite structure. The credit risk management also assesses and monitors the impacts of potential changes in the economic environment in the Group credit portfolio to ensure that it is resilient to economic downturns.

Nu's credit decision-making leverages a tiered review process based on materiality and impact of credit decisions. The decision tiers are classified in small, medium or large, related to their size and estimated impact. Each tier goes through a governance framework in accordance with the defined classification level, whereby larger decisions have a higher diligence level. Credit decisions approvals take place in committees, technical forums, and the designated decision forums, with the involvement of the first and second lines of defense, depending on the governance framework. For the decision-making process, information arising from historical performance is presented and discussed using predictive models that analyze and score existing and potential customers based on their profitability and credit risk profile.

The Group uses customers' internal information, statistical models, and other quantitative analyses to determine the risk profile of each customer in the portfolio. The information collected is used to manage the portfolio credit risk and to measure expected credit losses with periodical assessment of changes in the provision amounts. Regarding past due customers, their behavior is continuously tracked and monitored in order to improve policies and approaches to collect debt. The collection strategies and policies of the Group depend on customer profiles and model scores, and they aim to maximize the recovery amounts.

The Group also has limits for exposure to counterparty credit risk in cash or cash equivalents assets, aligned with its RAS. These limits are based on ratings from external rating agencies. Only part of the cash can be invested in assets with credit risk exposures.

The Group's outstanding balance of financial assets is shown in the table below:

Financial assets	**9/30/2021**	**12/31/2020**
Cash and cash equivalents	**1,996,725**	**2,343,780**
Financial assets at fair value through profit or loss	**4,780,936**	**4,378,118**
Securities	4,680,014	4,287,277
Derivative financial instruments	89,543	80
Collateral for credit card operations	11,379	90,761
Financial assets at fair value through other comprehensive income	**1,837,715**	**-**
Securities	1,837,715	-
Financial assets at amortized cost	**5,335,867**	**3,150,013**
Compulsory deposits at central banks	422,649	43,542
Credit card receivables	4,061,505	2,908,907
Loans to customers	792,736	174,694
Interbank transactions	19,749	-
Other financial assets at amortized cost	39,228	22,870
Total	**13,951,243**	**9,871,911**

- **Liquidity Risk**

Liquidity risk is monitored to ensure that the Group will have sufficient high-quality liquid assets to withstand severe stress scenarios and also an adequate funding profile in terms of tenor, type, and counterparties.

The Group has a Contingency Funding Plan that describes possible management actions that should be taken in the case of a deterioration of the liquidity indicators.

Primary sources of funding - by maturity

	9/30/2021				12/31/2020			
Funding Sources	**Up to 12 months**	**Over 12 months**	**Total**	**%**	**Up to 12 months**	**Over 12 months**	**Total**	**%**
Deposits by customers								
Bank receipt of deposits (RDB)	6,380,566	44,611	6,425,177	99%	4,415,892	29,813	4,445,705	91%
Bank receipt of deposits (RDB-V)	57,003	-	57,003	1%	90,360	-	90,360	2%
Time deposit	-	19,246	19,246	0%	-	19,513	19,513	0%
Instruments eligible as capital	-	12,531	12,531	0%	-	15,492	15,492	0%
Senior preferred shares	-	-	-	0%	-	328,394	328,394	7%
Total	**6,437,569**	**76,388**	**6,513,957**	**100%**	**4,506,252**	**393,212**	**4,899,464**	**100%**

Maturities of financial liabilities

The tables below summarize the Group's financial liabilities into groupings based on their contractual maturities:

	9/30/2021					
Financial liabilities	**Carrying amount**	**Gross nominal outflow**	**Up to 1 month**	**1 to 3 months**	**3-12 months**	**Over 12 months**
Derivative financial instruments	86,638	86,638	86,638	-	-	-
Instruments eligible as capital	12,531	45,757	-	-	-	45,757
Deposits in electronic money (*)	1,588,409	1,588,409	1,588,409	-	-	-
Bank receipt of deposits (RDB)	6,425,177	6,490,743	5,900,590	236,962	308,915	44,276
Bank receipt of deposits (RDB-V)	57,003	57,003	57,003	-	-	-
Time deposit	19,246	20,673	-	-	20,673	-
Payables to credit card network	4,127,691	4,127,691	2,297,532	1,119,532	710,627	-
Borrowings and financing	134,398	151,557	-	1,791	16,204	133,562
Securitized borrowings	26,759	27,055	-	-	27,055	-
Total	**12,477,852**	**12,595,526**	**9,930,172**	**1,358,285**	**1,083,474**	**223,595**

(*) In accordance with regulatory requirements, in guarantee of these deposits the Group has pledged reverse repurchase agreements and securities composed of Brazilian government bonds in the total amount of US$1,402,869 to the Brazilian Central Bank as of September 30, 2021.

The gross nominal outflow was projected considering the exchange rate of Brazilian reais and Mexican pesos to US$ as of September 30, 2021 (R$5.4429 and MXN20.6400 per US$1) and the projected Brazilian CDI, obtained in B3's website, for the deposits.

Market Risk and Interest Rate Risk in the Banking Book (IRRBB)

There is a market risk & IRRBB control and management structure, independent from the business units, which is responsible for the processes and tools to measure, monitor, control and report the market risk and IRRBB, continuously verifying the adherence with the approved policies and limit's structure.

Management of market risk and interest rate risk in the Banking Book (IRRBB) is based on metrics that are reported to the ALM Technical Forum and to the country-level Risk Committee. Management is authorized to use financial instruments as outlined in the Group's internal policies to hedge market risk & IRRBB exposures.

Management of market risk and interest rate risk in the Banking Book (IRRBB) is based on the following metrics:

- Interest Rate Sensitivity (DV01): impact on the market value of cash flows, when submitted to a one basis point increase in the current annual interest rates or index rate;
- Value at Risk (VaR): maximum market value loss for a holding period with a confidence level; and
- FX exposures, considering all financial positions that bring FX risk and operational expenses in other currencies.

Although the risk relating to the changes in the fair value of its shares and its effects to the share-based compensation and the embedded derivative conversion feature from the senior preferred share is observed, the Group does not hedge these risks because it considers impracticable due to its nature and to the lack of instruments in the market. The risk arising from share-based payments is derived from the increase in expenses due to the issuance of new grants or appreciation of the share value of the Company. The risk arising from the embedded derivative conversion features affected the statement of profit and loss until the conversion when the entity derecognized the liability component and recognized it as equity. As a result, the total effect on changes in equity during the life of the convertible instrument was zero as no cash was paid.

The table below presents the VaR, calculated using a confidence level of 95% and a holding period of 1 day, by a historical simulation approach, with a 5-year window.

VaR	9/30/2021	12/31/2020
Group	2,397	1,128
Nu Financeira	458	561
Nu Pagamentos	99	140

Currency risk

The consolidated financial statements may present volatility due to the Group’s operations in foreign currencies, such as Brazilian Real and Mexican and Colombian pesos. At the Nu Holdings level, there is no net investment hedge for the investments in other countries.

For the nine-month period ended September 30, 2021, none of the entities of the Group had significant financial instruments in a currency other than their respective functional currencies.

In Brazil, Nu faces currency risks, mainly due to operational costs linked to its operations activities. In order to mitigate foreign exchange risk, the Group hedges the expected costs in US$ and EUR in Nu Pagamentos, which has the Brazilian Real as its functional currency. Derivatives instruments (dollar and euro future contracts, traded in B3) are used for carrying out these hedging activities, which are supervised by the Asset & Liability Management and Capital (ALM) Forum. Residual exposures are monitored, considering the costs (objects of hedge) and the derivatives (instruments of hedge). The currency risk in Nu Financeira is not hedged because it is deemed as not relevant.

Interest rate risk

The following analysis is the Group's sensitivity of the mark to market fair value to an increase of 1 basis point (“bp”) (DV01) in the Brazilian risk-free curve, IPCA coupon curve, assuming a parallel shift and a constant financial position:

Curve	Brazilian Risk-Free Curve		IPCA coupon	
DV01	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Group	4	-	(1)	(1)
Nu Financeira (1)	(1)	(1)	(1)	-
Nu Pagamentos	5	2	-	(1)

(1) Includes Nu Financeira and its subsidiary Nu Invest.

The interest rate risk in subsidiaries other than Nu Pagamentos and Nu Financeira are deemed not relevant as of September 30, 2021, and December 31, 2020.

To keep DV01 sensitivities within defined limits, derivatives are used to hedge interest rate risk. Currently, interest rate futures are traded in B3, and swaps are used for hedging purposes.

- **Operational risk**

There is an operational risk and internal control’s structure, which is responsible for the identification and assessment of operational risks, as well as the evaluation of the design and effectiveness of the internal controls structure. This structure is also responsible for the preparation and periodic testing of the business continuity plan and to coordinate the risk assessment in new product launches and significant changes in the existing processes.

Within the governance of the risk management process, mechanisms for identifying, measuring, evaluating, monitoring, and reporting operational risk events are presented to each business area (first line of defense), as well as disseminating the control culture to other team members internally. The main results from the risk assessments are presented to the Operational Risk and Internal Controls Technical Forum and to the Risk Committee. Applicable improvement recommendations result in action plans with planned deadlines and responsibilities.

Information Technology ("IT") risk

As the Group operates in a challenging cyber threat environment, it continuously invests in controls and technologies to defend against these threats. Information Technology risks, including cyber risk, is a priority area for Nu and therefore the Group has a dedicated IT Risk structure, which is part of the second line of defense. This team is independent from IT related areas, including Engineering, IT Operations, and Information Security.

IT Risk is responsible for identifying, assessing, measuring, monitoring, controlling, and reporting Information Technology risks in relation to risk appetite levels approved by the country-level Risk Committee. The Group continually assesses Nu's potential risk exposure to threats and their potential impacts on the business and customers. The Group continues to improve its IT and cybersecurity features and controls, also considering that people are a key component of the security strategy, ensuring that the employees and third-party contributors remain aware of prevention measures and also know how to report incidents.

The results of the IT risk and controls assessments are regularly discussed at the IT Risk Technical Forum and also presented to the country-level Risk Committee. Applicable improvement recommendations result in action plans with planned deadlines and responsibilities.

- **Compliance**

As the Group operates in a regulated environment, a Compliance program was established within the second line of defense. The Compliance team has resources dedicated to the Ethics Program as well as to Regulatory Compliance.

The Ethics Program sets the minimum conduct standards to the organization, including Code of Conduct, Compliance Policies, Training and awareness campaign as well as an independent whistleblowing channel.

The Regulatory Compliance team is focused on overseeing the regulatory adherence of the organization. Main activities involve regulatory tracking and managing the regulatory adherence, assessment of new products and features, advisory, Compliance testing as well as centralizing the relationship with regulators.

- **Reputational Risk**

The Group understands that the materialization of other risks can negatively impact its reputation, as they are intrinsically connected. Undesirable events in different risk dimensions such as business continuity, cyber security, ethics and integrity, social media negative activity, among others, can damage Nu's reputation.

Therefore, the Group has teams and processes in place dedicated to overseeing external communication and for crisis management, which are key elements in identifying and mitigating reputational events, as well as to gain long-term insight to better prevent or respond to future events.

29. Capital management

The purpose of capital management is to estimate the future requirements of regulatory capital, based on the Group's growth projections, risk exposure, market movements and other relevant information. Also, the capital management structure is responsible for identifying sources of capital, for writing and submitting the capital plan for approval, as well as for monitoring the current level of the regulatory capital ratios.

At the executive level, the ALM Technical Forum is responsible for approving risk assessment and capital calculation methodologies, as well as reviewing, monitoring, and recommending capital-related action plans to the Risk Committee.

a) Minimum capital requirements

The Group must comply with two different regulatory capital requirements: one for the Financial Conglomerate, led by Nu Financeira and composed by Nu Financeira and Nu DTVM and Nu Invest, and the other applicable to Nu Pagamentos:

- Financial Conglomerate: minimum level of capital, considering the minimum requirements for financial institutions according to Brazilian Federal Monetary Council (“CMN”) Resolution 4,193/13.
- Nu Pagamentos: minimum level of capital, considering the minimum requirements for payment institutions, according to Circular BACEN 3,681/13.

In line with its strategy, Nu implemented a capital management structure aiming to maintain a higher level of capital than the minimum regulatory requirements. Additionally, the Group has commenced operations both in Mexico and Colombia and will comply with local rules as soon as regulatory requirements are applicable in these jurisdictions.

b) Composition of capital

i) Financial Conglomerate

The Regulatory Capital of Financial Conglomerate used to monitor the compliance with the Basel operating limits imposed by BACEN, is the sum of two items, as follows:

- Tier I Capital: the sum of Common Equity Tier I, which consists of Paid In Capital, capital, reserves and retained earnings, less deductions, and prudential adjustments and the Additional Tier I, which consists of subordinated debt instruments without a defined maturity that meet eligibility requirements. It is important to note that the Financial Conglomerate does not hold any debt eligible to Additional Tier I on the date of these consolidated financial statements.

- Tier II Capital: consists of subordinated debt instruments with defined maturity dates that meet eligibility requirements. Together with the Common Equity Tier I it composes the Total Capital.

The table below shows the calculation of the capital ratios and their minimum requirement for the Financial Conglomerate, required by the current regulation in Brazil.

ii) Nu Pagamentos

Nu Pagamentos’ capital management aims to determine the capital needed for its growth and to plan as additional sources of capital, in order to permanently maintain equity in amounts higher than the requirements defined by BACEN.

The subsidiary permanently maintains its shareholders' equity adjusted by the income accounts in an amount corresponding to, at least, the highest amount between i) 2% of the monthly average of payment transactions carried out by the subsidiary in the last 12 (twelve) months; or ii) 2% of the balance of electronic coins issued by the Nu Pagamentos, calculated daily.

The table below shows the calculation of the capital ratio and its minimum requirement for Nu Pagamentos, required by the current regulation in Brazil.

Nu Pagamentos	**9/30/2021**	**12/31/2020**
Adjusted Shareholder's Equity	**600,956**	**276,672**
Max Amount	**2,237,817**	**1,538,256**
Monthly average of payment transactions	2,237,817	1,538,256
Balance of electronic currencies	1,383,587	1,072,056
Capital Requirement Ratio	**26.9%**	**18.0%**

Financial Conglomerate	**9/30/2021**	**12/31/2020**
Regulatory Capital	**460,084**	**118,612**
Tier I	441,920	101,229
Common Equity	441,920	101,229
Tier II	18,164	17,383
Risk Weighted Assets (RWA)	**1,405,665**	**388,346**
Credit Risk (RWA CPAD)	1,157,928	372,841
Market Risk (RWA MPAD)	3,417	63
Operational Risk (RWA OPAD)	244,320	15,442
Capital Required	**147,595**	**40,776**
Margin	**312,489**	**77,836**
Basel Ratio	**32.7%**	**30.5%**
RBAN - Capital Required	971	2,334
Margin considering RBAN	311,518	75,502

30. Segment information

In reviewing the operational performance of the Group and allocating resources, the Chief Operating Decision Maker of the Group ("CODM"), who is the Group's Chief Executive Officer ("CEO"), reviews the consolidated statement of profit or loss and comprehensive income or loss.

The CODM considers the whole Group as a single operating and reportable segment, monitoring operations, making decisions on fund allocation, and evaluating performance. The CODM reviews relevant financial data on a combined basis for all subsidiaries.

The Group's income, results, and assets for this one reportable segment can be determined by reference to the consolidated statement of profit or loss and other comprehensive income or loss, as well as the consolidated statements of financial position.

a) Information about products and services

The information about products and services are disclosed in note 6.

b) Information about geographical area

The table below shows the revenue and non-current assets per geographical area:

	Revenue (a)				Non-current assets (b)	
	Three-month period ended		Nine-month period ended			
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	12/31/2020
Brazil	359,859	135,623	845,790	432,534	462,453	24,099
Mexico	6,801	298	13,025	472	4,648	1,418
Colombia	136	-	172	-	333	79
Cayman Islands	-	-	-	-	831	831
Germany	-	-	-	-	151	181
Argentina	-	-	-	-	70	112
United States	2,255	-	2,255	-	6,741	6,993
Total	**369,051**	**135,921**	**861,242**	**433,006**	**475,227**	**33,713**

(a) Includes interest income (credit card and lending), interchange fees, recharge fees, rewards revenue, late fees and other fees and commission income.

(b) Non-current assets are right-of-use assets, property, plant and equipment, intangible assets, and goodwill.

The Group had no single customer that represented 10% or more of the Group's revenues in either September 30, 2021, or 2020.

31. Non-cash transactions

	9/30/2021
Easynvest acquisition - share consideration (note 1(b))	271,229
Conversion of senior preferred shares into equity (note 23)	400,915

32. Subsequent events

a) Acquisition – Spin Pay

The acquisition of Spin Pay was completed on October 13, 2021, when the control over the entity was transferred upon all conditions established on the share purchase agreement and the liquidation was completed.

The total price is comprised of US$24,000 to be settled one part on the acquisition date and the remainder on the first and second anniversary of the acquisition date, and up to R$100,000 (equivalent to US$18,500 as of September 30, 2021) in Class A ordinary shares, based on its fair value on the date of the issuance, to be issued upon the achievement of certain milestones by 2024.

One member of Nu Holdings Board of Directors, before the acquisition, owned 1.24% of Spin Pay's interest.

The transaction qualifies as a business combination and will be accounted for using the acquisition method of accounting. As a result of limited access to Spin Pay’s information required to prepare initial accounting, together with the limited time since the acquisition date and the effort required to conform Spin Pay’s financial statements to the Company's practices and policies, the initial accounting for the business combination is incomplete at the time of these condensed consolidated interim financial statements. As a result, the Company is unable to provide the amounts recognized as of the Acquisition date for the major classes of assets acquired and liabilities assumed, pre-acquisition contingencies and goodwill.

b) Class A Ordinary Shares

At the Meeting of Shareholders held on October 20, 2021, the creation of an additional 9,750,000 Class A Ordinary Shares was approved.