

Q2'25 Earnings Call Transcript

Operator

Good evening, ladies and gentlemen. Welcome to Nu Holdings conference call to discuss the results for the **second quarter of 2025**. A slide presentation accompanies today's webcast, which is available on Nu's Investors Relations website: www.investors.nu in English and www.investidores.nu in Portuguese. This conference is being recorded and the replay can also be accessed on the company's IR website.

This call is also available in Portuguese. To access it, press the globe icon on the lower right side of your Zoom screen, then select the "Portuguese room". After that, select "mute original audio".

Para acessar nossa conferência em português, clique no ícone do globo ao lado inferior direito da sua tela Zoom e selecione a opção "Portuguese room". Ao acessar a nova sala, certifique-se de mutar o áudio original.

Please be advised that all participants will be in listen-only mode. You may submit online questions at any time today, using the Q&A box on the webcast.

I would now like to turn the call over to **Mr. Guilherme Souto, Investor Relations Officer** at Nu Holdings. Mr. Souto, you may proceed.

Guilherme Souto:

Thank you operator. And thank you everyone for joining our earnings call today. If you have not seen our earnings release already, a copy is posted in the Results Center of our Investor Relations website.

With me on today's call are **David Velez, our Founder, Chief Executive Officer and Chairman, and Guilherme Lago our Chief Financial Officer**.

Throughout this conference call, we will be presenting non-IFRS financial information, including adjusted net income. These are important financial measures for Nu Holdings, but are not financial measures as defined by IFRS and may not be comparable to similar measures from other companies. Reconciliations of our non-IFRS financial information to the IFRS financial information are available in our earnings press release.

Unless noted otherwise, all growth rates are on a year-over-year FX neutral basis.

I would also like to remind everyone that today's discussion might include forward-looking statements, which are not guarantees of future performance and therefore you should not put undue reliance on them. These statements are subject to numerous risks and uncertainties and could cause actual results to differ materially from our expectations. Please refer to the forward-looking statements disclosure in our earnings release.

I'll now turn the call over to David. Please go ahead, David.

David Vélez:

Hello everyone, and thank you for joining us today.

In Q2 2025 we delivered another quarter of strong growth, as we continue to strengthen our position as the leading digital bank in Latin America and one of the leading financial technology platforms in the world. Our customer base expanded to nearly 123 million, with over 4.1 million net additions — all while maintaining an activity rate above 83%, underscoring the depth of engagement across our platform.

In Mexico, we surpassed 12 million customers, now serving approximately 13% of the adult population. And in Colombia, nearly 10% of the population is already choosing Nu as their financial partner.

The combination of sustained customer growth and a 34% ARPAC CAGR since 2021 has created a powerful compounding effect, driving revenues to \$3.7 billion in Q2, representing an 85% annualized growth rate since 2021.

Gross profit has risen 78% annually, reaching \$1.5 billion, as we capture the benefits of scale, cutting our efficiency ratio by more than half to 28.3% in Q2'25. Quarterly net income has almost tripled in the past two years to \$637 million. These results come despite our ongoing investments in growth and, most importantly, in keeping our customers loving us fanatically.

And we will continue to invest with focus and intention.

This performance reinforces a key message: growth isn't coming at the expense of sustainable results. Quite the opposite, we're proving that it's possible to scale efficiently, with discipline, and still generate strong earnings.

Taken together, these elements have broadened our platform into a powerful multi-product, multi-segment, and multi-geo growth engine.

Today, 104.7 million mass-market customers, 3.0 million high-income clients, and 5.2 million SMEs engage with Nubank through a diverse suite of products ranging from credit and insurance to investments and crypto.

This breadth is no accident, it is the result of a deliberate cross-sell strategy that expands a single-product relationship into a broad ecosystem. By meeting customers' needs at every stage of their financial journey, we not only deepen loyalty but also multiply the ways we can create value.

This broad-based momentum is reflected in Q2. The active unsecured loans customer base expanded 56% year over year, while the secured customer base more than doubled, and crypto customers increased 41% year over year.

All segments continue to post solid growth, and in our less mature countries our core credit-card franchise is scaling quickly, card customers rose 52% in Mexico and 34% in Colombia.

We're not only scaling, we're unlocking new markets, pioneering adoption in underpenetrated segments, and building the foundation for the long-term.

And as we continue to grow and deepen customer relationships, we're doing so with a business model that delivers results, not just in growth but also in profitability.

As we look ahead to this next chapter, having the right leadership in place is more important than ever.

We've recently made significant additions to our Management Team that elevate our ability to execute on our long-term strategy and deepen our leadership bench. Over the past few months, we welcomed three truly exceptional leaders to Nubank:

Roberto Campos Neto joins us as Vice Chairman and Head of Public Policy. As the former Governor of the Central Bank of Brazil, Roberto brings not only unmatched regulatory insight but also a strategic vision for how technology and policy can shape more inclusive financial systems.

Eric Young, our new Chief Technology Officer, brings deep expertise in scaling complex tech platforms and leading high-performing engineering teams at a global scale.

Ethan Eismann, our new Chief Design Officer, is a world-class design leader with a track record of building intuitive, human-centered digital experiences that delight hundreds of millions of users around the globe.

All three are joining Nubank's Management Team and will report directly to me. They are world-class experts in their craft and, just as importantly, seasoned business leaders with the experience and judgment to help guide Nubank through our next chapter of growth.

If there's one thing that has defined Nubank since day one, it's our people. We've always had the right team for each stage of our journey, leaders who are not only exceptional in their domains, but who elevate the company around them. That remains true today. These additions reflect our ongoing commitment to having the best possible team in place for this next cycle, a cycle that will require even greater scale, complexity, and ambition.

Together, Roberto, Ethan, and Eric represent the kind of talent advantage we believe is one of Nubank's greatest strengths, a dream team for where we're headed next.

We're thrilled to have them on board, and I want to offer a very warm welcome to all three.

Guilherme Lago:

Thank you, David. Good evening, everyone.

Let me start by reinforcing how our business model creates value: we acquire customers at scale, increase engagement over time, monetize as cohorts mature, and do all of this on a low-cost, highly efficient platform.

On the left side of this slide, you see monthly ARPAC consistently increasing across all cohorts, reaching \$27.3 for customers who have been with us for longer. And, even among these more mature customer cohorts, monetization keeps expanding.

In Q2'25, our monthly ARPAC crossed the \$12 mark for the first time, reaching \$12.2, up 18% year-over-year.

Meanwhile, cost to serve remained stable at \$0.80 per active customer, reflecting the efficiency of our platform. This operating leverage is one of our most important competitive advantages. It's what allows us to offer better pricing to customers while consistently increasing our earnings power.

Moving to our credit portfolio, total balances reached \$27.3 billion in Q2, up 40% year-over-year on an FX-neutral basis.

All segments contributed to this growth: secured lending grew 200% FXN, unsecured loans 70%, and credit cards 24%. The continued diversification has been a mark of our credit portfolio quarter after quarter.

Secured and unsecured loans now represent more than one-third of the total portfolio, up from 25% a year ago. This shift is intentional and speaks to our ability to expand our credit portfolio spectrum over time and better serve customers in the markets where we operate.

Moving to loan originations, we're operating a retail credit business at scale across Brazil, Mexico, and Colombia.

In Q2, we maintained the strong pace from the previous quarter, originating \$3.6 billion in loans. That marks a 43% year-over-year increase on an FX-neutral basis, and it's the highest origination volume we've ever reached.

This consistent origination growth reflects both (i) the sheer size of our consumer platform and (ii) the maturity of our credit underwriting engine.

Turning to our credit card portfolio in Brazil, installment balances remain the primary component of our interest-earning portfolio. This reflects our strategy of promoting more structured and predictable forms of credit, helping customers finance purchases and transfers in a responsible way.

Our mix is fundamentally different from that of the industry. While many players rely heavily on revolving balances, we've been building a more sustainable model centered on lower-risk, lower-cost interest-earning installments.

This translates into better products for our customers and healthier unit economics for Nu.

Turning to the other side of the balance sheet: funding. We continue to execute our strategy to build a scalable and sustainable deposit franchise across Latin America.

Total deposits reached \$36.6 billion in Q2, up 41% year-over-year on an FX-neutral basis. Brazil remains the anchor of our deposit base, but we're also seeing strong progress in Mexico and Colombia, where we've expanded both volume and attach rates.

This deposit growth is a core pillar of our long-term strategy. It's what enables us to become the leading retail financial institution in the region.

We have been lowering deposit yields in Mexico and Colombia in recent months, with some significant changes implemented only in early July 2025. As a result, our Q2 cost of funding did not fully reflect these adjustments. We expect the full impact to materialize gradually over the coming quarters.

Now turning to Net Interest Income, we delivered strong growth again this quarter, up 33% year-over-year on an FX-neutral basis, reaching a record-high \$2.1 billion in the quarter.

NIM improved 80 basis points quarter-over-quarter on an FX-neutral basis, even with a slight reduction in our loan-to-deposit ratio, from 44% to 43%.

In our most scaled market, Brazil, NIM continued to expand, supported by healthy spreads and growing volumes.

In Mexico and Colombia, we continue investing to become the leading and most loved retail financial institution in the region. While these investments naturally weigh on short-term margins, they are critical to unlocking long-term value.

Looking ahead, we see further room for margin expansion as we optimize the balance sheet, gradually reallocating liquidity from cash into credit, and lower our costs of funding in Mexico and Colombia.

Now on to credit loss allowances and risk-adjusted NIM.

CLA expenses remained relatively stable in the quarter. In early Q2, we began rolling out a major upgrade to our credit model, which will significantly increase credit card limits in Brazil throughout 2025. As a result, we recognized higher provisions this quarter, frontloading expected credit losses, which have not yet been fully offset by the corresponding growth in our interest-earning portfolio and related revenues, creating a temporary timing mismatch.

Excluding this effect, credit loss allowances would have declined quarter-over-quarter on an FX-neutral basis, reflecting the normalization of seasonal dynamics that had impacted Q1.

Despite these dynamics, strong NII growth more than offset the small increase in CLA expenses, driving our risk-adjusted NIM up to 9.2% in Q2.

Next, delinquency metrics for our consumer credit portfolio in Brazil.

The 15 to 90-day NPL ratio declined to 4.4% in Q2, a 30 basis point improvement versus the previous quarter. This was in line with our expectations and slightly better than the typical second-quarter seasonality, which usually shows a 20 basis point drop.

The 90+ day NPL ratio increased by 10 basis points to 6.6%, reflecting the rise in early delinquency observed in Q1 and following the usual seasonal pattern.

Finally, coverage ratios remained solid and stable. We continue to carry a robust provision buffer, both across the total portfolio and specifically over 90+ NPL balances.

Shifting to gross profit.

In Q2, gross profit reached record \$1.5 billion, up 24% year-over-year on an FX-neutral basis, a clear reflection of the strong momentum of our business. This performance was driven by strong NII expansion and stable credit loss allowances.

Gross profit margin also improved sequentially, climbing to 42.2%, up from 40.6% in Q1.

Looking at the composition of gross profit, we continue to see the benefits of our business model, not only in growth and profitability, but also in diversification and resilience.

By leading with credit, we drive stronger engagement and deepen customer relationships over time, unlocking cross-sell and increasing share of wallet.

But fees and float have also become meaningful contributors to gross profit, adding resilience and consistency to our revenue base across cycles.

Ultimately, being a credit-first fintech has helped us ignite the principality flywheel. And, with that, earn the right to cross-sell and diversify our gross profit base.

Now turning to efficiency.

In Q2, our efficiency ratio rose slightly to 28.3%, driven by two main factors: RSU expenses from the initial vesting of our 2025 annual grant – which typically happens in March of every year – and higher marketing investments during the quarter.

As David mentioned earlier, we are investing with intention, to become the largest and most loved retail financial institution in Latin America. While these investments may temporarily increase our efficiency ratio in the coming quarters, they are fully aligned with our long-term value creation strategy.

The long-term trajectory remains intact: our model continues to benefit from operating leverage, with significant room to unlock additional efficiencies as we scale.

Supported by strong revenue growth and disciplined cost management, we expect the efficiency ratio to further decline over the coming years, driving continued margin expansion, sustainable profitability and deeper competitive moats.

Before we wrap up, it's important to highlight how our business model consistently delivers bottom-line performance, and does so at scale.

Net income reached \$637 million in Q2, up 42% year-over-year on an FX-neutral basis. Return on equity reached 28%, continuing to track well above industry peers.

What makes this performance especially notable is how we got here: by charging lower prices and offering better experiences to our customers, while still delivering strong bottom-line results. And we are just getting started.

Which brings us to Mexico, where we're seeing encouraging momentum and a clear path to scale.

Customer growth is accelerating, and our core product, credit cards, is scaling. We reached 6.6 million credit card customers this quarter, up from 4.3 million a year ago. Over the last twelve months, we accounted for more than a quarter of all new credit cards issued in Mexico, a clear sign of our early success in expanding access to credit in the country.

At this stage, our most important KPIs are: (i) growing a solid and engaged customer base, (ii) building a large and resilient local currency liability franchise, and (iii) improving our credit underwriting models to approve more customers and drive sustainable portfolio growth.

On the funding side, our liability franchise continues to show signs of strength. Even after adjusting down our deposit rates, deposits exceed \$6 billion, underscoring the value of our brand and the appeal of our products.

Our interest-earning portfolio has gained strong traction recently, growing over 70% year over year on an FX-neutral basis in Q2. We'll continue to scale at the right pace, accelerating when the signals are clear and consistent with our long-term strategy – but never hesitating to pull back if and when the situation requires.

We are confident in our opportunity to win in Mexico, and our focus remains on disciplined execution and long-term value creation.

With that, we'll open the call for questions.

Operator: We will now start the Q&A session for investors and analysts. If you wish to ask a question, please press the "reaction" button and then click on "raise your hand". If your question is answered, you can exit the queue by clicking on "put your hand down". Please limit yourself to one question and a follow-up. If you have further questions, please re-enter the queue. You may submit online questions at any time today, using the Q&A box on the webcast.

I would like to turn the call over to **Mr. Guilherme Souto**, Investor Relations Officer.

Guilherme Souto: Thank you, operator. Could you please open the line for Eduardo Rosman from BTG?

Eduardo Rosman, BTG Pactual: Congrats on the numbers. I have a question for David. In recent months, we have seen important changes, right, in the management team, including the announcement of a new CTO this week. So could you please help us understand the significance of these changes for Nubank in this next phase? And please, if you could also connect this topic to the company's kind of international expansion, right, that would be great as well. Specifically, do these new additions also suggest a possible acceleration of the growth outside Brazil, including entering new markets beyond Mexico and Colombia?

David Vélez: Rosman, thank you. Thanks a lot for the question. As we've said in the past, we have made this number of changes over the past couple of months really thinking about the next 5 to 10 years. We think we have ahead one of the most interesting opportunities in technology in the world. Financial services is still the largest market in the world that hasn't really been disrupted by technology. Over 95% of the market capital financial services globally, over \$8 trillion, is still very much dominated by all traditional banks. And that is very different from what has happened in all our different segments.

So as we think about the next 5, 10 years, we are preparing to play in the world -- in the top leagues, in the world class. And as we prepare to play in the world leagues, we are bringing a world-class team. And this likely is going to mean adding talent sometimes that come from Latin America globally but also some talent that comes from some of the top world-class technology companies.

And so that is a bit of what we are preparing here. I think the addition of Roberto is very strategic in helping us strengthen our positioning in Latin America. We have regulated entities in the 3 markets that we operate. We will have many more regulated entities later on as we internationalize.

So regulators are a key counterparty of us. We've always been ahead in terms of regulatory compliance, and we treat that very, very seriously. Public policy is a key aspect of what we do as a regulated financial institution. And in Roberto, we also were able to find all of that knowledge but also a lot of technology and strategy knowledge. So it was a very key strategic addition to the team, and it has been truly phenomenal to being able to work with him here and the team over the past month already.

And with the addition of Eric and Ethan, I think we are saying we are on the way to build one of the world-class products in financial services. We already have one of the most sophisticated technology stacks of any company in Latin America. We're in the middle of an AI transformation that we're taking extremely seriously, and we want to take advantage of all these opportunities that open ahead. And so I think as we bring somebody like Ethan with his knowledge of having run products for hundreds of millions of customers and the same also, Eric, we are just getting prepared for the next stage.

So to summarize, I do think these additions help us both strengthening the market-leading position we have in Brazil and Latin America by upping up our game and also prepare us to really go play in the big leagues as we think about internationalization over the next few years.

Jorge Kuri, Morgan Stanley: Congrats on the numbers. Great quarter. I wanted to maybe double click on your Slide 11, your loan origination. You have -1% FX neutral growth, which is a very different number from what we've seen over the last year, where the quarter-on-quarter growth were in the double digit. And I appreciate that the year-on-year number is really strong, 43% FX neutral, and that's certainly a better way to look at it. But just given some of the things that happened in the quarter, specifically on your credit line increases, your clips on credit cards that you started to implement and reach record levels for the company, given that you are extracting more value out of your Hyperplane acquisition, given that we saw a big acceleration of Pix at the end of the first quarter that we assumed it was going to continue or has continued during the quarter, so if you can help us understand if some of these things are just not reflected in the numbers, going to get reflected going forward. And any other dynamics for us to understand this different half of originations in the second quarter versus what we've seen over the last year?

Guilherme Lago: Jorge, this is Lago. Thanks for the question. So let me try to unpack by asset classes. So let me talk about the kind of the Slide 11 to which you allude brings kind of the evolution of originations only for loans. I'm going to try to address unsecured, then secured and then credit cards, which are not here.

So starting with unsecured, we have had now a fairly robust set of kind of growth figures over the past quarters. We had an exceptionally strong first quarter of 2025, especially because it was a quarter in which we launched a few new kinds of models and policies that allow us to embrace customers that were not eligible for unsecured credit lines at that point in time. And usually, when you do so, you have kind of the first-time effect of early kind of adopters of the new policy, which kind of increases the origination volumes.

And also the first quarter for unsecured credit is typically a seasonally strong quarter. We do expect, Jorge, that we will continue to grow unsecured lending originations fairly strongly throughout the remainder of 2025 and 2026 as long as we continue to see the asset quality numbers that we are seeing in our book. Not only until the end of the second quarter but until today, August 14, everything seems to be super on track. We believe that we now account for over 20% of the origination market share of new unsecured loans in Brazil. And this should not only continue to gain speed, but it should be

complemented by lending products in Mexico that have recently been launched. So feeling fairly good about the evolution of unsecured loans.

Now going to the secured loan story, Jorge. I think, here, I would have to split the story here in 2 sub-asset classes. So you have the INSS and the public payroll loans excluding INSS. So for those who are not aware, INSS is the public payroll loans directed to pensioners and retirees. In the second quarter, there was kind of a major disruption in the INSS system. So the overall volume of the origination of the industry dropped by more than 50% to 55%. And our origination dropped by about 50% as well. We even gained market share there but in a declining kind of origination quarter. We do expect that this will be fixed and resolved very promptly. We are assuming that by the end of August, early September, origination of INSS, not only for us but for the entire industry, will resume their historical growth. Most likely, in fact, we may see actually a spike in originations in the next months to offset the lower originations.

Now if you exclude INSS for all of the other public payroll loans, Jorge, especially SIAPE, our originations grew by more than 50% in the quarter. So we are making very good strides in our view in the ramp-up of the public payroll loans there not only by adding more customers to existing contracts but also by adding more contracts kind of to our portfolio of collateral agreements, a few of which will come into force in the second half of this year.

And then if you look at the overall evolution of our portfolio, then I would draw your attention to Slide 27, Jorge. You will see that even with this one-off headwind from INSS, we continue to see all of the asset classes expanding at what we believe to be a fairly healthy pace. So in the quarter, portfolio grew by 8% FX neutral, and that growth was followed by loans, credit cards IEP and credit cards, non-IEP.

And my last attempt to address your question. You also mentioned credit cards. So look, credit cards, yes, we have been seeing kind of fairly material improvements in our ability to do credit underwriting and to continue to expand the credit card portfolio. It has to do with the adoption of new models and technologies to how we do credit underwriting, going all the way to better kind of traditional machine learning models but also neural networks and predictive AI technologies but more and more, Jorge, by the adoption of new data that we acquire, right?

So the more customers stay with us, the more data we accumulate. We are now the leaders in open finance consent. The combination of better modeling techniques with more data has allowed us to consistently increase kinds of credit underwriting, credit limits and utilizations. Based on our latest reading, our market share in Brazil in credit card receivables may have grown by more than 100 basis points in this quarter specifically. So we are fairly encouraged by what is ahead of us, not only in the existing segments but also as we expand into new segments.

Yuri Fernandes, JPMorgan: Also congrats on the margin, the risk-adjusted margin expansion and the good quarter. I have a follow-up also to Lago just on asset quality. Most metrics, they look good, right, stable overage 15 to 90 days improving slightly better than seasonality. The only thing that caught my attention, Lago, was a higher Stage 3 formation, up quarter-over-quarter. I would like to get your view on this because when I go to 2024 and 2023, I also saw some seasonality in the second Q. So just checking if this is basically seasonal. From your answer to Kuri, I get the impression that you feel comfortable with asset quality but even we have many investors concerned with the macro situation in Brazil? It would be good to get your feeling on the formation and also how you see asset fund.

Guilherme Lago: No, thanks, Yuri, for the question. So the short answer is yes. I think the increase in NPL formation as well as in Stage 3 formation that you can see on Slide 26 of our presentation is almost entirely explained by the seasonality of basically the spike in seasonal delinquency in the first quarter kind of flowing through the second quarter.

Now broadly on asset quality, we are fairly mindful of the macroeconomic kind of situations in the markets where we operate, Brazil, Mexico and Colombia, also how it may impact credit cycles. And this is a concern that has lingered not only with us but also with many investors and other stakeholders since late last year and early this year.

So far, and I say so far until now, August 14, we haven't seen that deterioration playing out materially in our asset quality figures. All of our asset quality figures are performing largely as expected. That doesn't, of course, mean that we have to assume that this will stay as it is going forward. We continue to underwrite with largely 2 kinds of pillars in our mind. Pillar #1, we always assume that the future will be worse than the past. So irrespective of where any of us here the company may think we are in the credit cycle, when it comes to credit underwriting decisions, we always assume that there's going to be a deterioration in the credit cycle over the next 12, 24 and 36 months.

And then above and beyond that, which is Pillar #2, every cohort of unsecured credit that we underwrite has to abide by the following kind of a stress test, which is losses can go up by up to 2x, and that cohort still has to be NPV positive. So with that, we built enough credit buffer resilience that will allow us to continue to grow conservatively and with conviction that we can withstand kind of unfavorable economic cycles over time.

Geoffrey Elliott, Autonomous: Could we talk about the mix of credit card balances? The last 5 quarters, interest earning installments have been between 27% and 29% of total balances. Are we now in a range which is normalized and where you'd expect to stay? Or is there scope for that to move higher with increased originations of Pix credit?

Guilherme Lago: Thanks, Geoff. Look, I think I would say they should stay more or less where it is, maybe kind of small variations up or down, maybe a little bit upside risk here depending on how pronounced Pix financing and other transaction financing products may unfold. But I wouldn't suggest that there is a lot of room for us to go materially beyond the 29% that you alluded.

Neha Agarwala, HSBC: Congratulations on the numbers. Quickly on the deposit side of the franchise, 2 notable trends. First, in Brazil, there was a big pickup sequentially on the deposits. What was the driver for that? Are you being more active consciously in trying to gather more deposits in Brazil? So any explanation on that?

And on the Mexico side, you brought down the rates quite significantly, lowered the gap versus the TIIE. What have been the early reactions from the customers? Are you seeing outflow of deposits in July, early August? Or has that been fairly stable?

Guilherme Lago: Neha, thanks for the question. So let me try to break it down. In Brazil, we did see or we continue to see an increase in deposits there. I think that has to do primarily with the increase in engagement and share of wallet that we have had with our customers. I would not ascribe a lot of value to that to any kind of initiatives to pay up for deposits in Brazil, even though we have launched a few new features that kind of a reward customer engagement and loyalty over time.

If you were to compare, for example, the cost of funding of Brazil in isolation, it would have been practically unchanged over the past 2 quarters at kind of low 80s. So I wouldn't justify the increase in deposits based on increase in cost of funding but largely on increasing customer engagement and sequential gains in shares of wallet. Also, kind of progressively as we make some strides into more affluent segments, it's natural that we should also see increases in deposits over time. So that's the story about Brazil.

The story about Mexico, just to maybe put everyone in perspective, Neha, if you allow me, so we did announce some material shifts to the design and the pricing of our deposits in Mexico in early July, and that is expected to kind of lower our cost of funding in Mexico. None of that, however, is reflected in the numbers that we see here in the second quarter. So those are things that we will see throughout the remainder of 2025.

Now back to your question, Neha, look, we have been watching this super carefully since we've made the movements. Everything has been kind of evolving as expected. As we continue to offer what we call the money box capped at MXN 25,000, it basically allows us to even better serve and offer an even stronger value proposition for the vast majority of our customers, nearly 90% of the customers. And so we believe that we will be able to maintain customer engagement NPS at the segments that we care the most.

We did run kind of some risk of having what people call the yield seekers eventually moving their money out. That outflow has not been material so far, even though we watch this carefully. So so far, so good. Now if things continue to play out as we have seen, we do expect to be able to continue to have a fairly robust local currency, low-cost retail deposits in Mexico that has already materially derisked our funding strategy in the country but progressively at lower funding costs.

David Vélez: I would just add one more point here to Lago, which is the following. When we launched Mexico, our savings account product was fairly basic. It was an online saving account without a lot of the functionalities. We didn't even have the ability to allow customers to deposit off-line or to withdraw, which is very key in a market like Mexico. So in a way, it was truly an MVP as we launched. That meant that we had to pay a higher yield.

As we launch additional products and the product gets much more robust, we've added OXXO as a distribution channel. Customers are now able to withdraw cash. We've added a number of, what we call, self-driving bank functionalities inside our app. Then the value proposition increases. That means we have to compensate less for the yield. And that's why we've been able to decrease yield without seeing significant changes in the flows of deposits we're seeing into Mexico. And the same strategy has really been applied to Brazil and Colombia.

Neha Agarwala, HSBC: Super clear. If I can have my follow-up on a separate topic but a brief one. The Hyperplane expansion and the credit limit that you talked about, is there any particular segment of customer base where it is more targeted towards higher income or mass market or your super core segments because that will eventually have an impact on probably stronger loan growth in the second half or in 2026 for your loan book?

David Vélez: So far has been mostly focused on the mass market, but we expect that a lot of these new AI-enabled architecture will be now applied to a number of different models. The amazing opportunity of Hyperplane is that it's not only a modeling -- the team did not only bring a number of modeling capabilities

but also a true new platform that allows us to put into production and develop a number of different models at the same time.

And so this model was the first one. We expect a number of new models coming in for a number of different segments for the different countries and for different applications, such as collections, fraud, cross-sell. So we're very excited about this, and it's early days of applying this new technology to a lot of the decisioning that we have across Nubank. But we expect to see meaningful changes across the board.

Pedro Leduc, Itaú: Both on cards, please. First, the number that you give us, and this has to do with Pix financing, that the number of clients using it transactionally fell a bit, 17.3 to 17.1 this quarter. In the last call, you had mentioned that you had slightly become more comfortable to gradually resume the product to those certain clusters you had withdrawn from after tests have worked well. So can you give us an update on the Pix financing process? When -- how do you see it roll out, when you can see it get more traction?

And then the second question, just -- it's sort of related, has to do with the number of active credit cards and that has also fallen a bit. And we can see that you're rolling out more limits. I'd sort of expect the opposite, no more active cards. So if you can help us square this out a little bit.

Guilherme Lago: So Leduc, thanks for the question. Let me try to touch on each of them separately. So Pix financing. Pix financing or better said, the whole transactional financing kind of a family of products, of which today Pix financing is by far the biggest one, but that continues to grow. We did show in the last quarter that we had resumed growth there that we were at the end of the first quarter already at a -- with a bigger kind of Pix financing and transactional financing portfolio than we had in the second quarter of 2024 when we decided to pull back. That only continues to increase. So today, we are even ahead of what -- where we were in the first quarter of 2025.

The performance of the portfolio continues to be fairly robust, and it has been widely adopted by our customer base. So you may see, Leduc, here a few kind of noise in seasonality when you go from 1 quarter to another. But by all measures, it has been kind of a remarkable success for the customers. It has been adopted so I think as of the end of the second quarter, over 40% of our credit card customers were also active with some type of transactional financing, primarily Pix financing functionality. So the attach rate there is very high, very healthy, not only in the first order but also in the second order impact.

So we do expect this to continue to grow. It certainly has a high correlation with the overall usage of Pix in the economy, but we don't have any concerns as we discussed when we presented the results of the third quarter of 2024. So far, so good.

Second question that I also wanted to address is credit cards. So the number of active credit card customers in Brazil, depending if you measure this in terms of purchase volume or in terms of revenues, has remained largely flat, right? So it's like in 1 measure, it goes by plus 100,000. The other measure goes less than 100,000, but overall, it has remained flat.

What we do expect to see going forward is that the main lever of earnings growth for our credit card business in Brazil will mostly come from the increase of utilization in ARPAC per product rather than the increase of the number of credit cards. It doesn't mean that the number of credit cards will not grow. Yes, it will continue to grow, but I think the biggest leverage will be in ARPAC and utilization.

And then you mentioned, look, if you are increasing eventually credit limits, shouldn't you see necessarily an increase in a number of active customers. Not yet especially because the credit limit policies that we have implemented has been directed primarily at existing customers, not at initial lines. It is only natural that as we collect more data as we continue to improve the models, what you suggested will likely happen as well.

Mario Pierry, BofA: Congrats on the quarter. Lago, I wanted to discuss a little bit the private payroll product. It doesn't seem like Nubank is too excited about the product or at least I haven't heard you guys talk too much about the opportunity. When we talk to other industry players, right, they think this is one of the best products to come to Brazil in the last, I don't know, 20 years. So -- and again, they talk about the potential size of this market being significant. Can you discuss a little bit about your strategy in the private payroll product? Like looking at origination data, right, we haven't seen Nubank being very active yet. When do you think you're going to be more active? Why are you holding back? Are you seeing this product as an opportunity? Or do you think this is a threat to your business?

Guilherme Lago: Mario, thanks for the question. Look, we are very excited about private payroll loan product. We think that has been a fairly important and thoughtful product innovation that has been added to Brazil. And I think new bank has much more to gain than to lose with this product by a wide margin.

Let me share a few thoughts on this, right? So we -- differently from kind of the more established kind of incumbent banks, we don't have kind of a B2B2C distribution channel to kind of -- to compete for corporate payroll loan business in Brazil, which is a fairly important one. And basically, the private payroll loan product allow us to basically break into this segment in a very profitable manner, right?

I don't need necessarily now to have a B2B contract with company X to be able to access all of the employees of this company and also enjoy the benefits of the payroll flow that goes through the bank account. I can have access to tons of data that, so far, we have been kind of precluded from having access to. So we expect that this product will improve kind of collaterals across the board. We'll lower data, symmetry and therefore, we'll help the overall economy lower spreads and materially increase the size of the pie. So far, so good.

Why have we not been kind of as aggressive at inception of this product? So the product was announced in late March. We launched the product right after this in early April. But we have not yet been kind of we haven't been able to raise our comfort levels to adequate levels with respect to the quality of the collateral, right?

So I think some of the collateral that are structural to this product have not yet been fully tested and implemented. And the first data points that we have actually seen in the industry has suggested to us that the risk has not yet been fully addressed. So first payment defaults are set to be in the 10% to 18%, which I think it is higher than what at least we would expect so far. So we are not yet fully comfortable with the quality of the collateral, number one.

Number two, we don't see necessarily material first-mover advantages there. I think if we are the lowest cost manufacturer of this product, we will be able to secure a very meaningful market share position when the collateral system is more tested and solidified. But Mario, you've been doing this for a long time like many of us, and you may recall that, at the beginning of the public payroll loan systems, the consignado publico, the collateral was not working super well in the first months or even in the first quarters. It took some time, but the product actually end up being a remarkable success. We do expect that private payroll

loan will follow suit, and we believe that as the lowest cost manufacturer of the industry, with no more than 50% of the target market for this product within our customer base, we will have a fairly relevant ability to win there when the product is more mature.

Mario Pierry, BofA: Yes. Okay. No, that's clear. Some of the players that we're seeing, right, already more active in this segment, they are talking about, yes, we're seeing higher -- elevated provisions and delinquencies, however, they still think that this is a 30% ROE product right now. So it feels like it could get even better. So I was just wondering, right, like I understand your concerns about the quality of the collateral. It's a new product. However, right, Nubank is always moving ahead of everyone else and trying to innovate. So that's why I was a little bit surprised that you're not more active right now, but I fully understand your concerns.

Tito Labarta, Goldman Sachs: Congratulations on the strong results. A little bit of a follow-up, but just how do you think about your loan growth along with your deposit growth, right? Because loan growth seems to be accelerating. You're doing well there, but deposit growth remains very strong. On the one hand, it's a headwind to earnings. But on the other hand, it's good for client engagement and client addition. Are you comfortable just continuing to grow that deposit book and get these clients even if it is a bit of a headwind to earnings? Or at some point, would you want to try to slow down the deposit growth to match the loan growth? Just how do you think about, I guess, the assets and the liabilities growing in conjunction?

Guilherme Lago: Tito, thanks so much for the question. Look, a few thoughts there on how we are thinking about kind of deposits from both a financial standpoint but also from a strategic standpoint. I would say that from a financial standpoint, we are very comfortable with the loan-to-deposit ratio that we see in Brazil, Mexico and Colombia not only with respect to the quantum but also with respect to the duration and with the resilience of the retail deposits. If anything, we have a buffer to either grow credit more rapidly, but we don't think that growing credit more rapidly just because you have more funding is the most kind of wise approach to this, or we would have the ability to eventually lower prices and bring deposits down. That's from a purely financial standpoint.

However, from a strategic standpoint, especially in markets where kind of information asymmetry is lowering very fast, including in Brazil with open finance, we do believe that we need to be the best place for our customers across Latin America to receive payments, make payments and store value. And to that extent, having a very competitive and compelling kind of a deposit design, which includes, but is not limited, price is paramount to our primary banking relationship customers.

So we don't expect that we will play down with no deposit rates in Brazil anytime soon. We do expect that in Mexico and Colombia, we will continue to actively kind of reshape the size and the price of the deposits to optimize the value proposition for the customers, loan to deposit and liquidity resilience there.

So that's our thought process there. I think Mexico and Colombia, you should see increases in NIM as a result of that optimization. In Brazil, I think you should see kind of a relatively stable NIM with respect to the deposits only.

Tito Labarta, Goldman Sachs: Okay. No, that's great. Very helpful. And if I can, just a quick follow-up, I guess. When you think of client monetization, I'm looking at Slide 18, gross profit breakdown, right? I mean credit is still a big component. Fees have been around this 30% level for some time and then the rest is float. Do you think that's an optimal level? Is there an optimal level that you would like to get to?

Just how do you think about that breakdown between, I guess, lending, fees and other sources of monetization?

Guilherme Lago: So Tito, the one thing that I would point out is I would kind of respond to this by sending you to another slide, which is Slide 9, right? If you take a look at this slide, which is a very clear comparison between the revenues per active customers that we have and the cost per active customers that we have. Today, we have a weighted average ARPAC at about \$12.2. The more mature cohorts are already at \$27, \$28. The ARPAC of incumbent banks are largely at \$45. So we do expect over time that we will take the ARPAC from 12 to 15 to 20 and onwards towards the levels of incumbent banks, while our cost to serve will remain at or below \$1. So that is kind of the power of the operating leverage of our digital banking model.

Now what are the main levers for us to bring kind of the ARPAC from \$12 to \$30 to \$40? If you take a look at the profit pool of retail banking in Latin America as a proxy, about 70% -- 65% to 70% of that is credit. So credit is expected to be kind of the book of that growth going forward. That does not mean, however, that all credit are created equally. You will have more secure credit, more unsecured credit, so the mix of credit will kind of shift, but I wouldn't be surprised if credit accounts for a substantial part of the ARPAC expansion.

And it's one of the reasons why we are so excited with kind of digital banking models that are able to provide competitive solutions and resilient solutions for credit for -- at scale because that is really where kind of the book of the profit pool is not only in Latin America but across many other markets in the globe.

Guilherme Souto: So thank you, everyone. We now have approached 60 minutes of the call. So we are now concluding today's call. On behalf of Nu Holdings, our investor relations team, I want to thank you very much for your time and participation on Nu earnings call today. Over the coming days, we'll be following up with questions received tonight but we are not able to answer. And please do not hesitate to reach out to our team if you have any further questions. Thank you, and have a good night.

Operator: The Nu Holdings conference call has now concluded. Thank you for attending today's presentation. You may now disconnect.