

Q1'25 Earnings Call Script

Operator: Good evening, ladies and gentlemen. Welcome to Nu Holdings conference call to discuss the results for the **first 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, Youssef Lahrech, President and Chief Operating Officer, and Guilherme Lago, 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 Velez: Good evening, everyone—and thank you for joining us.

We kicked off 2025 with strong momentum. In Q1 alone, we added 4.3 million customers, reaching a total of 119 million across all our markets. That includes 105 million in Brazil, 11 million in Mexico, and—just last month—we crossed 3 million customers in Colombia.

We now serve nearly 100 million monthly active customers, keeping our activity ratio above 83%. These numbers reflect not just scale, but deep engagement and quality.

While 100 million monthly active customers position us as perhaps the largest financial institution in Latin America in terms of number of customers, I would like to quickly provide a high level reminder of the big opportunity we still have ahead of us.

Brazil is our most scaled and mature market— about 60% of the adult population is a customer, 85% are active, and close to 60% of these customers use Nu as their primary bank, translating into a market share of principality of over 30%. And yet, our gross profit market share is just 5% as we are in the early stages of monetizing our customer base through larger usage and cross sell of products.

Additionally, recent upgrades to our credit models—including new AI capabilities—are enabling us to responsibly expand credit access and unlock further growth. But we're just as focused on non-credit opportunities, which remain equally ripe for disruption.

This gap is our opportunity. We're doubling down—reinvesting our earnings to close the distance between principality and market share, and to expand the size of the market itself.

Let's turn to Mexico—our next major growth frontier.

Mexico is Latin America's second-largest banking market, but more importantly, it's one of the most underpenetrated. The bigger opportunity here isn't just to win market share—it's to expand the market itself.

Our momentum in Mexico is strong. In the past 4 quarters:

- Our customer base grew ~70%, reaching 11 million.
- Deposits more than doubled on an FX-neutral basis, exceeding \$5 billion.
- Our credit portfolio grew ~60% FX-neutral to nearly \$1 billion.
- Revenues nearly doubled FX-neutral, reaching \$245 million last quarter.

These are early signs—but strong ones—that our model is working in Mexico. And I'm also very happy to announce that just a few weeks ago we were approved to get our banking license in this country. This license is going to enable us to accelerate our growth and provide many more products to our customers.

Between Brazil, Mexico, and Colombia, we see a wide range of actionable, high-conviction and profitable growth opportunities. We are investing proactively and deliberately to seize them.

As we continue growing our customer base and our penetration within these large markets, we will continue to benefit from the strong operating leverage of our business model: our average revenue per active customer (ARPAC) increases towards the levels of incumbent banks while our cost remains largely unchanged at or below \$1 per customer.

On the left-hand side of the slide, you'll see the historical ARPAC progression across customer cohorts. In the first twelve months, a cohort typically generates just about \$5 per customer in revenue. But as product

usage deepens and cross-sell increases, ARPAC can grow more than fivefold—surpassing \$25 after seven to eight years. And this figure could continue to rise—and rise at faster paces—as we narrow the gap with incumbent banks—which generate ARPAC of over US\$40—by launching new products and entering new segments.

On the right-hand side, you'll see our cost to serve over time. Thanks to scale efficiencies, process automation, and sustained investments in technology, these costs have declined by over 80% in the past years, and now remain below \$1 per customer—even as the business has grown significantly in scale and complexity. We expect this trend to continue.

Taken together, these two trends illustrate the strength of our operating leverage—one of the defining features of our digital banking model and the most significant source of earnings unlock potential in our business. And we're still early in the journey. The largest customer cohorts—formed in just the past three years, when we added nearly 60 million customers and doubled our customer base—are only beginning their monetization curves.

To summarize, while we've already reached a significant number of customers across Latin America, our market penetration remains relatively low—including in Brazil—and the opportunity to further grow revenues is enormous. The shifts from cash to digital payments and from offline to digital banking are structural, decades-long trends, especially in underpenetrated markets like Mexico and Colombia. As the category leader in digital banking across the region, we're exceptionally well positioned to capture outsized value from this transformation.

That's why we remain steadfast in our commitment to long-term value creation—not short-term earnings optimization. Just as we are doing with the strategic ramp-up of our deposit franchises in Mexico and Colombia, which we will discuss later today, we will continue making significant investments aimed at maximizing sustainable shareholder value over time—even if that means accepting near-term pressure on margins.

We believe this is the right approach to build a durable, profitable, and category-defining company for the long run.

With that, I'd like to pass the floor to our CFO, Guilherme Lago, who will walk us through the details of our financial results. Over to you, Lago.

Guilherme Lago: Thank you, David. Good evening, everyone.

We had a strong start to the year, with continued customer growth. We now serve approximately 59% of Brazil's adult population, 12% in Mexico, and 8% in Colombia. And these figures exclude under-18s and SMEs—two segments that are growing even faster than our core adult base.

A key differentiator of our digital banking model is our ability to drive principality. Nubank isn't just a secondary wallet for ad-hoc remittances or occasional purchases—it's the primary banking relationship for most of our active customers who use us every single day. Our DAU/MAU ratio continues close to 50%, one of the highest in the fintech industry globally. This creates significant competitive moats, including stronger unit economics and access to richer transaction data.

Our credit portfolio reached \$24.1 billion in Q1, growing 8% quarter-over-quarter and 40% year-over-year, both on an FX-neutral basis.

As expected, credit card growth was seasonally softer in Q1, consistent with historical patterns.

Meanwhile, our lending products—both unsecured and secured—continued to grow faster than our credit card portfolio, gaining share within the overall credit mix. We expect this shift in composition to continue over the coming quarters.

For the past two years, we've shared with investors the significant opportunity we see in secured lending. While our approach is fundamentally different from the rest of the industry—built on 100% digital origination—it's exciting now to show tangible traction, with a 300% increase in balances over the past 12 months.

Now turning to loan origination performance.

Total loan originations reached a record R\$20.2 billion in Q1, up 64% year-over-year.

Unsecured loans were the main driver, reaching an all-time high of R\$17.3 billion. This reflects the strength of our credit underwriting capabilities. As you may recall, in late 2022, we deliberately pulled back from this asset class in response to adverse credit conditions. Since then, we've fine-tuned our credit models and acquisition funnels—and today, we're seeing the strongest momentum yet in both origination volumes and unit economics. Credit underwriting is never a straight line, and our ability to step back, recalibrate, and return with speed and discipline is a key competitive advantage.

On the secured side, growth this quarter was temporarily impacted by a disruption in the FGTS loan API, which paused originations for nearly 10 days across the market between late February and early March. Nonetheless, public payroll loans gained further traction—growing over 50% quarter-over-quarter.

Finally, we see the new private payroll product in Brazil as a unique opportunity to break into a segment historically dominated by Brazil's top three incumbent banks. Private payroll loans will open the door to customer relationships, customer data, and customer collateral that were previously out of reach—and we're all in.

While we don't expect any material short-term impact on our unsecured lending business, we're confident that the scale and strategic value of this opportunity far outweigh near-term risks.

Just like we did with FGTS—where we've become the market leader—we're building a digital-native product from scratch, using our cost advantages to deliver the best offer in the market.

Now let's turn to the breakdown of our credit card portfolio.

Growth in interest-earning installments reaccelerated in Q1, now accounting for 29% of the total credit card portfolio. This compares to Q4, which typically sees a seasonal increase in non-interest balances due to higher purchase volumes.

We also saw momentum supported by stronger originations in Pix Financing and other transaction-based credit products.

On Pix Financing specifically, while we have not yet fully resumed growth in some higher-risk segments—as testing continues—we’ve optimized in-app conversion flows. This drove stronger origination volumes, especially toward the end of the quarter.

Now let’s zoom in on Pix Financing and our other transactional credit products.

This is another clear example of our disciplined approach to credit. In the second half of 2024, we saw that among riskier bands, Pix Financing usage began to negatively impact NPS and reduce engagement—posing a risk to principality. We acted quickly, tightening eligibility criteria for those segments.

This led to a deliberate decline in volumes and yields. Once again, we’re not optimizing for linear growth—we’re building sustainable, resilient value for both customers and shareholders. The constraint in Pix Financing wasn’t lack of demand or unfavorable unit economics, but our choice to protect customer experience and long-term principality.

Since then, we’ve gradually re-expanded access, improved in-app flows, and launched new features—leading to record-high originations in March.

This recovery, achieved without compromising credit quality, highlights our agility, customer-first mindset, and long-term orientation.

On the funding side, total deposits reached \$31.6 billion in Q1—up 48% year-over-year and 1% quarter-over-quarter both on an FX-neutral basis. Growth was driven by strong momentum in Mexico and Colombia, while Brazil saw a modest 1% decline—yet outperforming typical Q1 seasonality, which averages a 5% drop.

We’ve continued investing in our deposit franchises in Mexico and Colombia. Scaling local-currency retail deposits is critical—not only to fund consumer credit at competitive terms, but also to generate data that powers our credit underwriting and customer segmentation models. We’re very pleased with the pace and scale of our growth in these markets as it has significantly de-risked our funding strategy.

Naturally, these investments have led to a gradual increase in our average funding costs. We’ve begun optimizing both the design and pricing of our deposits in Mexico and Colombia, while still maintaining strong growth and engagement. Over the coming quarters, we expect funding costs to trend down as the base matures—though we remain ready to adjust quickly in response to short-term opportunities or shifts in competitive dynamics.

In Q1, net interest income or NII grew 34% year-over-year and 5% quarter-over-quarter both on an FX-neutral basis, reaching a new all-time high of \$1.8 billion.

Consolidated net interest margins or NIM declined 20 basis points to 17.5%, reflecting the different stages of our geographies, as we will see on the next slide.

In Brazil, NIM expanded quarter-over-quarter and remained stable compared to the prior year. The business continues to grow with strong profitability and resilience, supported by a competitive deposit

base. The evolution of our asset mix, coupled with a gradual increase in our loan-to-deposit ratios or LDRs, is expected to drive further NIM expansion in the coming years.

Now in Mexico and Colombia, NIMs were temporarily impacted by our decision to invest in building local deposit franchises. These are deliberate, strategic investments aimed at unlocking large-scale, low-cost funding, deepening our customer relationships, and enabling sustainable credit growth. It's nothing but the same playbook we've successfully executed in Brazil.

Moving on to gross profit, which totaled \$1.3 billion in Q1—down 3% sequentially but up 32% year-over-year on an FX-neutral basis. The quarter-over-quarter decline, and the corresponding drop in gross profit margin to 40.6%, was mainly driven by higher credit loss allowances and increased interest expenses in Brazil. This reflects the rise in the SELIC rate, which we have not yet fully repriced across the portfolio. Additionally, the expansion of our deposit base in Mexico and Colombia—while a strategically important investment—has placed short-term pressure on margins.

Youssef will dive deeper into the credit allowance dynamics shortly, but I'll give you a preview: it's a seasonal effect, largely in line with prior years.

Now, let's turn to operating efficiency.

In Q1, our efficiency ratio improved to 24.7%, reflecting a 520 basis-point sequential improvement and a 740 basis-point improvement year-over-year.

This quarter's results includes a one-off impact of \$47 million from the remeasurement of DTA credits. Excluding this effect, the efficiency ratio would have been 26.7%—still a 320 basis-point improvement quarter-over-quarter, reinforcing our position as one of the most efficient players globally.

Net income reached \$557 million in Q1, up 74% year-over-year on an FX-neutral basis. As expected, sequential growth was more moderate due to typical first-quarter seasonality—but we still delivered another quarter of strong bottom-line performance.

This result translated into a 27% annualized ROE—even while holding over \$4 billion in excess capital across our geographies and at the holding company. This places Nu among the most profitable financial institutions in Latin America.

As we discuss Nubank's consolidated results, it can be easy to lose sight of the performance of our digital banking business. Our reported results combine three very different realities: (i) a more mature and scaled operation in Brazil; (ii) two high-growth, early-stage markets in Mexico and Colombia, where upfront investments are still significant; and (iii) a holding company with close to \$3 billion in excess capital.

That's why we're taking a moment to zoom in on Brazil on a standalone basis. It's the best proof point of the strength and scalability of our digital banking model—and a good preview of where Mexico and Colombia are headed over time.

As you look at the evolution of our scale and efficiency in Brazil, the takeaway is clear: this model delivers healthy profitability, even while offering best-in-class customer experience, wider access to financial

services and below-market pricing.

And we're just getting started. There's still a long runway ahead of us.

With that, I'll hand it over to Youssef to walk you through asset quality and the overall health of our credit portfolio.

Youssef Lahrech: Thank you, Lago. Hi, everyone.

Starting, as usual, with NPL trends.

This quarter, 15–90 days NPLs rose 60 basis points to 4.7%, broadly in line with expectations and slightly below the historical seasonal increase of 70 basis points.

As for 90+ NPLs, we saw a 50 basis point decline to 6.5%, outperforming historical trends. This improvement is consistent with the lower early-stage delinquency levels observed in prior quarters, as 90+ NPLs lag 15-90 by 1 to 3 quarters.

Credit loss allowance rose to \$973.5 million this quarter, driven by two main factors: (i) continued portfolio growth and (ii) the seasonal increase in early-stage delinquencies we typically see in Q1.

This dynamic weighed on our risk-adjusted NIM, which declined to 8.2%. Of the 130 basis-point reduction, roughly three-quarters stemmed from seasonal effects on CLA, with the remaining impact primarily linked to short-term NIM pressures in Mexico and Colombia, as Lago mentioned earlier—reflecting our strategic investment in building local deposit franchises in those two markets.

Now, turning to our coverage ratios.

In the left-hand chart, we show the Coverage Ratio over Total Balance. This metric reflects the historical evolution of our consumer credit portfolio. Over time, as the share of our interest-earning portfolio from credit cards increased, and more recently as unsecured lending—which carries higher risk—gained share, the ratio has trended upward, as expected. The most recent uptick also mirrors the increase in credit loss allowances we just discussed, which were driven by portfolio growth and typical first-quarter seasonality.

On the right-hand side, we present the Coverage Ratio over 90+ NPLs. This ratio highlights the prudence of our risk management approach, which is based on frontloading provisions under the expected credit loss model. A higher ratio here means we're reserved for potential losses down the line, in line with our disciplined and forward-looking credit philosophy.

With that, we'll now open the call up 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: Thanks operator. Could you please open the line for Jorge Kuri, from Morgan Stanley.

Jorge Kuri, Morgan Stanley: Congrats on the numbers, and thank you also for the additional disclosure. And I actually wanted to ask about the NIM in Brazil 21.8% Nu disclosure, that it's basically flat since the third quarter even though SELIC rates are roughly 200 basis points higher, which increases your funding costs. You have gone through the Pix reduction, which is a very high-yielding asset. And in general, our first quarters are normally seasonally weak for margin. So can you help us understand what's behind the resilience of that Brazil NIM? And I know you don't provide any guidance, but is it fair to say that the NIM has really bottomed and we should see a continued improvement from here?

Guilherme Lago: Jorge, this is Lago. Thanks so much for your question. I think you were referring to Slide 16, in which we provide the disclosures for NIMs for Brazil and NIMs from a consolidated basis. And yes, we did see movements in portfolio mix, especially as we pull back from Pix financing as we increase our exposure towards less risky customers, which would be, all else constant, a headwind for NIMs. We also saw SELIC going up, which, all else constant, will be a slight headwind for NIMs in the short term. But I think conversely, Jorge, we did see kind of increases in LDRs, loan-to-deposit ratios, which somehow offsets those two headwinds. And therefore, we have had kind of a more resilient net interest margins throughout 2024 and the first quarter of 2025.

Going forward, we do expect that the benefits from balance sheet re-leveraging with increases in LDRs to be the main kind of driver for our expansion in NIMs. And in the medium term, we would expect NIMs to go up. Even though we can't necessarily have a high conviction outlook for one quarter here, one quarter there, it's never linear, but we do see upside from where we are today.

Jorge Kuri, Morgan Stanley: Lago, and if I may ask a follow-up question, and it's a clarification, I guess. You mentioned that part of the origination of secured loans was impacted because FGTS was not originating for 10 days. Is that 10 working days, out of the total working days of the quarter? Or how do we think about the magnitude of that impact? In other words, if we would look at the average origination per day or the origination adjusted for those days, the BRL 2.9 billion in originations that you did in the quarter would have been much higher, again, just assuming a normal rather than the 10-day loss that you had.

Guilherme Lago: I think this issue, this operational issue, that the market had with FGTS probably caused a 10% impact in the quarter, so for FGTS. So that's the order of magnitude that I would consider for that, Jorge.

Guilherme Souto: And our next question comes from Eduardo Rosman from BTG Pactual.

Eduardo Rosman, BTG Pactual: Congrats on the numbers. I think I have a question to David, because a couple of days after the fourth quarter was out, I think this was at the end of February, David was part of Nu Videocast, where he talked about a lot of things, but a strong message came from the big excitement about the launch of Nu beyond LatAm, right? Then at the end of March, we saw the announcement that you were back to day-to-day operations, right, taking direct leadership. So just trying to understand here how we can understand that. Is it fair to say that maybe Brazil and Mexico are maybe -- I know that they are the priorities, but is it fair to say that they are, again, top priorities and maybe going beyond Lat Am, it's a little bit more kind of a delay? Or should we still expect any announcement by the end of the year? Just trying to understand the recent announcements and the message.

David Velez: Sure, Rosman. Thank you for the question. Yes. So Brazil, Mexico and Colombia continue to be very much the focus of the company right now, as you see in the story, there is a lot to do even in Brazil as we continue to monetize this base. However, we've always thought that the thesis that we're executing since 2013, which is that the future of global consumer banking is of the digital banking market, the digital banking model. It's a global thesis. It's not specific to Brazil. It's not specific to Mexico.

Some of the advantages that even Lago mentioned here in this slide, where you suddenly have this business model that can grow faster, reach more customers, generate higher return on equity for shareholders and generate higher NPS, prove that this model is the right model to bag a very significant percentage of the population. So we are thinking about that now for the next 5 to 10 years. We are thinking about that potential for internationalization. We are making progress with a small percentage of our allocation. I'm not ready yet to announce when we'll have more data, specifically about what the strategy there is going to be. And we do think that it's going to be a big part of our story over the next 5 to 10 years.

But for now, I think all I can say is we are very, very, very focused on these three markets and a lot of the work that we continue to do in improving platforms and improving systems, in improving the overall quality that we have in our product, all of that ultimately is going to help out in any potential internationalization beyond the markets that we operate today.

Guilherme Souto: And our next question comes from Pedro Leduc from Itaú BBA.

Pedro Leduc, Itaú BBA: On provision expenses and then tying it up with NIMs, historically, you guys have always overcome higher provision expenses by pricing it very adequately, no other specifics in Brazil and Mexico. But when I look at the overall NII post cost of risk, it has been slipping a little bit risk-adjusted NIM for several quarters now. So my question is, in respect to this direction going forward, when do you think you can adjust or stabilize the overall risk-adjusted NIMs? And where do you think it's going to come from? Is it going to be lower cost of risk, which honestly, was the biggest surprise for me this quarter was the higher cost of risk given that you've been underwriting more selectively in the last 3 quarters. So trying to reconcile these pieces going forward.

Guilherme Lago: Yes. Leduc, thanks so much for your question. Let me try to refer you to a few slides and then I think it will help us tie the story that we have. So if you go to Slide 24, you will see the evolution of our risk-adjusted net interest margin, which I believe is something that you were alluding to. The risk-adjusted margin in the very last quarter, first quarter of 2025, had a drop of about 130 basis points. About 3/4 of the drop, 3/4 is entirely seasonal. So every first quarter of every year, especially due to the dynamics in Brazil, as you have seen in the first quarter of 2024, as you have seen in the first quarter of 2023, you do see an increase in CLA and you do see an increase in cost of risk in the quarter.

In fact, if you take a look at the delta cost of risk in every first quarter of every year, the one in 2025 was by no means higher than the average of what we have experienced over the past 3 years. And you can see the cost of risk in 2024. So let's say, 3/4 of this was seasonal. The other 1/4, Leduc, was basically the result of the contraction of NIM resulting from the investments that we are doing in the deposit base of Mexico and Colombia.

So it is the way that we are seeing the business now, when we put this on a consolidated basis, it's harder and harder to have a very accurate perspective of each of the businesses because you basically have three different pieces. You have Brazil, which is a more mature, though not yet mature operations. You

have Mexico and Colombia, which are high-growth operations in which we are making a lot of investments. And you have a holding company that is now holding about \$3 billion.

So I think going forward, if you take a look at Brazil specifically, you would expect to see NIMs stable to growing as we re-leverage the balance sheet and with very attractive risk-adjusted margins that should be largely stable or going up. We do expect to continue to invest in Mexico and Colombia. And the extent to which we're going to make those investments will largely depend on the additional customer engagement and the competitive dynamics that we will have there.

The final thing that I would say is that in this quarter, Leduc, I think for the first time, we provided a stand-alone portrayal of the performance of Brazil. So if you go to Slide 21, you will see the evolution of customers, revenues and net income in Brazil and the returns that we have had in Brazil on a stand-alone basis. And you can see that on the right-hand side, even when you keep net interest margin is relatively flat as we had from 2024 to 2025, you can continue to see returns on equity going up primarily due to the re-leveraging of the balance sheet and the operating leverage that we have in our business.

And in our view, the portrayal that we are offered here on Slide 21, and serves not only as a reference that the business model works at scale in Brazil, but also paints the direction to which we believe Mexico and Colombia will be going in the future.

Guilherme Souto: And our next question comes from Tito Labarta from Goldman Sachs.

Tito Labarta, Goldman Sachs: My question is a follow-up on the secured lending overall, very good trends in the quarter despite not being able to originate the FGTS loans for those 10 days. But maybe just help us think a little bit more about how that opportunity is for you because it seems like you're starting to really accelerate there, not just on FGTS, but also you mentioned public payroll lending grew like, I think it was 50% in the quarter. Then you have private payroll. Help us -- I know you don't -- haven't given any guidance, but just help us think about how big can the secured lending portfolio get for you? And how aggressive can you be there in FGTS, public payroll and private payroll? Just to think about that long-term opportunity set for you, given it's still very early stages for you.

Guilherme Lago: Tito, thanks so much for the question. Look, I'll try to address those three pieces of your questions head on. I would just start by drawing your attention to Slide 6, in which we provide our most recent view on the profit pool of Brazil. And I think it helps -- at least it helps me get some perspective on what is the size of the market and where is our growth potential there.

So if you go to Slide 6, you will notice that this is a fairly large kind of a profit pool in which we started with credit cards, where we now have 15% market share there. We continue to grow across all of the segments. And the second product that we launched was personal loans that you can see on the left-hand side of the screen, which is the single largest profit pool per se, where our customers, if I take the social security numbers of our customers and take them to the Central Bank database, they now account for nearly 60% of the profit pool. So that means that we don't need to fish outside of our fishbowl to be able to grow our shares in unsecured personal loans by almost 10x, right? So that's a massive growth for us.

Then you go into payroll loans, which is the one that you explicitly asked, we still have a market share there of less than 1%. And then you go above and beyond the private payroll loan that has recently been launched in which we are extremely excited to be part of. So if I were to slice your question in three: now public payroll loans, FGTS, and private payroll loans.

I would say that in public payroll loans, we are starting to see very encouraging traction there. We grew by 50%. But we are nowhere near where we want to be in this product. We are still ramping up our connectivity with a number of the collateral systems. We are signing up collateral agreements with the largest states and municipalities. We are improving the portability flow for our customers and from customers of third-party players. And as we start to see potentially interest rates dropping in Brazil over the coming quarters, you would expect to see the portability of public payroll loans to go up. But that is a product that was born kind of off-line. It was born through loan brokers and bank branches originations. So it's harder for us to change the behavior, but the early signs are super encouraging, and we think we will get there faster than we originally thought.

Now the interesting thing to do is that when you go into FGTS, which is a product that was already born digital, right? There was no loan brokers. There were no bank branches. It is a product that we have been able to accelerate even faster. We think that in 2024, we accounted for approximately 20% to 25% of the entire originations of FGTS in Brazil. In the first 2 months of 2025, we may have accounted for about 30% of their growth. So it goes to show that when we are able to put it at play our low-cost advantages to play, we can have a fairly impactful role there.

And in private payroll loans, we don't think it's going to be any different than the FGTS. Why? It's a product that has been born fully digital already. It is a product that we will be able to serve to a very large number of our customers with a very low cost base, with the best UX and UI, and with a disruptive price. So we are excited with this product. We are still testing and learning some of the collateral types. I don't think there is any special kind of a first-mover advantage to try to take a little bit more risk on the collateral structures until it's better tested. But it's certainly a product that we expect to be leaning in very aggressively in the coming quarters and years.

Tito Labarta, Goldman Sachs: Great. That's helpful, Lago. If I can, just one quick follow-up on that. You mentioned that you do not expect any material short-term impact from potentially, I guess, maybe refinancing some unsecured loans into the private payroll. Can you give just maybe a little bit more color why you don't seem to think that there should be any impact for you guys on that?

Guilherme Lago: Because we basically think that the growth of the size of the pie will far outweigh any potential short-term cannibalization on unsecured personal loans, right? And it is the best product for our customers. It is the product that we will put in front of every single customer that can benefit from this. And we think that we will be able to grant more credit, better credit and to more customers than we could otherwise do. And this should be even a stronger trend than potential short-term negative impacts on unsecured personal loans.

And of course, if you -- going back to, I think, Leduc's question, Tito, on a risk-adjusted basis, given this product is expected to have lower risk, not no risk, but lower risk, on a risk-adjusted basis, it should also give us a very good kind of gross profit going forward.

Guilherme Souto: And our next question comes from Thiago Batista from UBS.

Thiago Batista, UBS: Congrats on the results. I have one question on the credit card. When I look for the active cardholders, in this quarter, we saw a small contracts -- small expansion, sorry, probably because this product seems to be close to the maturation in Brazil. But calling our attention that there were about 9 million cardholders in the first Q that are active in terms of revenues, but not in terms of transactions, which means about, let's say, 22% of your cardholder base, this level of clients that are not using the card

for new transactions is a concern for Nu? Do you have any strategy to try to reduce this number? And also connected to this, if the head start that you recently announced, the refinance program, somehow could improve the number of active users or cardholders.

Youssef Lahrech: Thanks for the question. This is Youssef. Yes, as you point out, there's always a fair number of credit card customers that are active from the revenue definition standpoint, but not necessarily from a transacting standpoint. A lot of that can be driven just by a credit limit constraint. As you know, we tend to be very conservative, especially initially with new customers around how we grant credit limits. And so we wait to see both utilization and good risk behavior before we go and expand those credit limits. And what we find is when we expand those credit limits, we then see transacting behavior pickup. So that's not a new phenomenon by any stretch.

Guilherme Lago: But Thiago, I think we forgot to address one of your questions you asked about, the renegotiations. So we did announce the renegotiations in the early second quarter of 2025. So it has no impact whatsoever on our financial statements. We do expect it to have a mild positive impact in our financial statements in the coming quarters with higher recoveries. But more than that, and to your point, we do expect to actually see this fostering more activity within some of the credit cards.

Guilherme Souto: And our next question comes from Gustavo Schroden from Citi.

Gustavo Schroden, Citi: My question is regarding the debt renegotiation plan that you announced last month, *Recomeço*, which is the largest renegotiation campaign from the bank. So my first question, if it is related to Pix finance product and if the idea is to bring customers back to an eligible base for credit again, aiming to increase credit origination in Pix finance. And if that wouldn't create a harder effect, putting pressure on the sustainability of Pix finance product, creating a vicious cycle of acceleration and deceleration in the product origination in the coming quarters. And so on that, if you could share with us how the program is evolving, giving some contributive metrics on this? And what are the main impacts expected in the balance sheet, P&L and asset quality indicators? It's still not clear for me, if it shouldn't increase the write-off balance while discounts could negatively impact its P&L.

David Velez: Gustavo, thanks for the question. So just a few things on this program. As Lago mentioned a minute ago, this is a new program. So it hasn't had any impact on the first quarter. We expect to have a fairly small but positive impact in the second quarter.

The way we think about it is this is an opportunity to give some of our customers a fresh start. Some of those customers may have had lateness and delinquency issues in the past. A lot of them have actually managed to resolve their debts either partially or fully. And so we want to give them an extra incentive to get back on track with their debts by providing, in some instances, in a very selective way, access to credit again.

So for some of them, we will reactivate their cards. For some of them, we may offer discounts, which are very much in line with discounts we provide in collections, and we have for years now successfully. And it's very carefully designed and carefully tested to actually avoid any issues of more hazards. So we tend to exclude people who have shown signs of recidivism. We don't want to get people into cycles of debt. It doesn't serve customers. It doesn't serve us.

And it's designed carefully to incentivize people paying down their past debts, resolving them, and then getting a fresh start, again, with often very small limits to begin with as part of the fresh start, often with

secured deposits acting as a collateral for those new limits and then very gradually increasing those limits over time as we have done very meticulously in the past as we see good repayment behavior.

So all of that is kind of designed to provide incentives for customers to show that they can handle the credit again and promote healthy credit behaviors. And you alluded to whether this is related in any way Pix financing. No, it's not, in any way, Pix financing play or anything like that.

Guilherme Souto: And our next question comes from Mario Pierry from Bank of America.

Mario Pierry, Bank of America: Congratulations on the results. I really wanted to focus on the net interest margin. And Lago, you mentioned, right, that margins in Brazil, you think that they should be going up. But my concern is it feels like or the data shows that you're growing a lot more in secured loans. That should technically have lower margins than unsecured. Also, when we think about your funding, when we look at the bulk of your funding today is a short maturity. And as you expand into loans over a longer duration, I would imagine you have to increase the duration of your funding as well, and that should be a little bit more expensive.

So given that perspective, help me understand why you think margins can continue to go up in Brazil. And then it's very helpful that you show this breakdown of margins in Brazil of 21.8% net interest margin. I can't believe that the margins in Mexico or Colombia are going to be as profitable as these. And as you showed, right, your margins in Brazil 2 years ago were like 10%. So I would imagine, as you're growing into Colombia and Mexico, your margins are probably not going to be at the same pace as Brazil. So technically, we should continue to see margins coming down as the composition of loans in Colombia and Mexico continue to gain a bigger share of your loans?

And finally, when I look -- you showed this slide, the loan-to-deposit ratio of 44%. I think it is one of your slides. I think you're only doing loans to interest -- you're doing deposits to interest-earning loans and you are consolidating the whole balance of deposits and loans. But my understanding is that deposits that you have in Mexico cannot be used to lend in Brazil. So when I look at just the loan-to-deposit ratio, not looking at interest-earning loans, it feels like that number is growing a little bit. So my question then is on the funding cost, I don't know how they can improve, especially if you have to increase the duration of those deposits.

Guilherme Lago: No, Mario, thanks for the question. Let me try to unpack that a little bit and go point by point. If you don't mind, let me talk about Brazil and then I'll talk about Mexico and Colombia, and then we can try to pull everything together.

So I think in Brazil, I don't think that, as you correctly pointed out, that cost of funding has a lot of room to improve from where it is today. So we don't expect -- even though we have lots of funding in Brazil, we don't expect that we will aggressively lower our cost of funding. We want to be the place where all Brazilians receive payments, make payments, store value. So we want to be very competitive there. And yes, you are correct that as we grow the duration of our assets, so too we will have to grow the duration of software liabilities going forward, and that would actually kind of, if anything, increase a little bit the cost of funding that we would have.

Having said that, I think, first, we still have plenty of deposits within our Brazilian franchise, and we still have a lot of medium- to long-term funding from retail deposits in Brazil that is already embedded in our today's cost of funding, and that in itself already enables us to increase in a fairly decent amount, the size

of our secured loan book. Remember that our unsecured loan book and our credit card book are very short dated and can be adequately funded without any massive increases in the duration of our liabilities.

So why did I say that net interest margins in Brazil are expected to remain as they are and, in the medium and long term increase, is because of the re-leveraging of the balance sheet. So as our loan-to-deposit ratio in Brazil continues to go up, by which I mean our kind of loan book will continue to outpace our deposits. We believe that the increasing re-leveraging of the balance sheet will be a fairly relevant tailwind for our net interest margins in the country.

Having said that, I just wanted to -- I know that you have a full appreciation of that. I would just like to highlight this, Mario, which is the evolution of our net interest margins in Brazil, even if they stay flat for illustration purposes only, we can still materially increase the profitability of the business through operating leverage, right? So as we have seen in the evolutions of CAC and cost to serve. But I wanted to address your question head on net interest margins from Brazil.

Now let's go to net interest margins for Mexico and Colombia. Yes, I think in Mexico in the next few quarters, very likely the net interest margins there will be much tighter than they are in Brazil until we continue to grow and optimize our cost of funding and our loan-to-deposit ratio in the country. Almost the same way that we did, as you may recall, Mario, in Brazil, about 3.5 to 4 years ago, in which we optimized the funding when we thought that the timing was right from a competitive and customer value proposition perspective. We do expect to do so in Mexico and Colombia at some point in time, not necessarily in the next few quarters. And at that point in time, we do expect the profitability of Mexico to converge towards Brazil.

I think Mexico's unit economics of our core products, namely credit cards and lending, are as compelling, if not more attractive than the ones in Brazil. So I wouldn't necessarily discard the scenario in which the profitability of Mexico can now meet, if not exceed, that of Brazil. I think Colombia has a tighter kind of NIM that I think the profitability there will likely be lower than in Mexico, but it's still ahead of our kind of minimum 30% ROE threshold.

Mario Pierry, Bank of America: Clear. Lago, but when you talk about profitability in Mexico being higher than in Brazil, you're talking about the ROE? Or you're talking about the net interest margin?

Guilherme Lago: I'm talking about the ROA and the ROE both. I'm not talking about the net interest margin.

Guilherme Souto: And our next question comes from Yuri Fernandes from JPMorgan.

Yuri Fernandes, JPMorgan: I have a question on cost of risk, a follow-up and it's a question regarding stage 2, the coverage of stage 2. So it is clear, like the first Q is seasonal. We have 15-90 days. You also had a higher origination. But when we go to stage 2, in particular, to the relative trigger, we note an increase this quarter on your coverage. You used to have, I don't know, high teens, 20% coverage on stage 2 for your relative trigger. And this quarter, you build a little bit of more coverage. So just checking why is building -- why the bank is doing more covers for stage 2, if we're seeing a little bit of more risk in that bucket? Or if you're just being conservative, and whenever your cost of risk normalizes after the first Q seasonality, we could see some buffer for your cost of risk to move down.

Youssef Lahrech: Yuri, thanks for the question. This is Youssef. So yes, you're correct in your observation. So there's two things going on with stage 2. As you note, one is just the normal seasonality

we see in the first quarter. Stage 2 closely correlates to early-stage delinquencies and those tend to peak in the first quarter. So there's that one effect. And then there's another effect beyond that, which has to do with the relative trigger, both in magnitude and in coverage ratio.

What we do, Yuri, is from time to time, we will recalibrate those triggers in our provision model. We've done such a recalibration in the first quarter. So we've updated the criteria for -- the routes of criteria to enter stage 2, and it resulted in two things. One is a slight increase in the coverage ratio for that component of stage 2. And you will notice at the same time, a slight decrease in the coverage of stage 1 because we pulled out some of those loans from the net exposure from stage 1. But if you look at the combined impact of both stage 1 plus stage 2, the aggregate has only increased by a little bit by about 5% or so. And we think some of that recalibration is just a pull forward of loans we would have classified as stage 2 later on in the future. So there's a bit of a one-time effect there.

Yuri Fernandes, JPMorgan: No, that's super clear, Youssef. And indeed, we saw that the total coverage considering all stages has been moving up, especially for credit cards. If I may have very quickly one unrelated follow-up, just an accounting uncertainty I have here. On the \$47 million DTA, given this DTA, is it already post taxes? Or should we think about these on net taxes for your net income for the quarter?

Guilherme Lago: No, you should think about this as a post-tax basis already, Yuri.

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 and our Investor Relations team, I want to thank you very much for your time and participation in Nu's earnings call today. Over the coming days, we will 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.