Q4'24 Earnings Call Script

Operator: Good afternoon, ladies and gentlemen. Welcome to Nu Holdings conference call to discuss the results for the **fourth quarter and full-year 2024**. 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. Jörg Friedemann, Investor Relations Officer** at Nu Holdings. Mr. Friedemann, you may proceed.

Jörg Friedemann: Thank you operator. And thank you everyone for joining our earnings call today. If you have not seen our earnings release already, it's available 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, Guilherme Lago, Chief Financial Officer, and Jag Duggal, Chief Product 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.

Today **David will** discuss the main highlights of our fourth quarter and full-year 2024 results. After that, **Guilherme Lago and Youssef** will take you through our financial and operating results in more detail. We'll then open the call for questions.

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

David Velez: Thank you, Jörg. Good evening, everyone, and thank you for joining us today!

2024 was another pivotal year in our trajectory as we continued advancing in our mission to fight complexity and empower people. Our consistent execution and customer-centric approach drove significant growth across all three geographies. We now serve over 114 million customers, with 20.4 million net additions this year alone. Our active customer base grew 22% year-over-year, to nearly 95 million. In Brazil, we continued adding over 1 million customers per month, serving 58% of the population and further consolidating our position as the third-largest financial institution in the country in number of customers. In Mexico, we achieved a significant milestone by surpassing 10 million customers, underscoring our strong growth momentum in the country.

Beyond customer growth, we strengthened our deposit franchise, particularly in Mexico and Colombia, a crucial step in reinforcing our long term strategy, bolstering our liquidity position and enabling prudent credit expansion. Total deposits grew 55% FX-neutral to $28.9 billion dollars, while our interest-earning portfolio expanded 75% to $11.2 billion, also on an FX-neutral basis.

We have maintained our high growth trajectory, while significantly strengthening our financial results, demonstrating the efficiency and compounding power of our business model. Revenues grew 58% year-over-year on an FX-neutral basis, to $11.5 billion dollars in 2024, driven by sustained ARPAC growth, up 23% year-over-year in FX-neutral terms to $10.7. Our efficiency ratio improved further, dropping below the 30% mark to end the year at 29.9%, making NU one of the most efficient global financial services platforms, and with room for additional optimization.

Notably, net income almost doubled from 2023 to close to $2.0 billion, with an annualized return on equity of 28%. These results place us among the most profitable financial institutions globally, even while maintaining a significant excess capital position at the holding level.

These achievements underscore the power of our low-cost financial model, our commitment to customer engagement, and our ability to deliver sustained profitability at scale. With a strong foundation in place, we remain focused on extending our market leadership, launching new products, and deepening financial inclusion across Latin America. Now, let's move on to the next slide to take a closer look at how we advanced on our strategic priorities in 2024.

First, in Mexico, we reached an exciting milestone of 10 million customers, up 91% year-over-year, now serving 12% of the country's adult population. Deposits grew significantly, increasing 438% from 2023 to $4.5 billion, reflecting our position as a trusted financial institution. Our credit card customer base expanded by 70% to 5.6 million, and almost half of these customers did not have any credit card before ours, demonstrating our ability to help increase financial inclusion in the region. Over the last three years, our first payment default rate has improved by approximately 50%, while credit approval rates in Mexico have increased by 10%, underscoring the significant enhancements in our risk models and their impact on both credit performance and accessibility. We also expanded cash-in and cash-out access to over 30,000 contact points, a critical component of our long-term strategy to digitize and democratize financial services.

Now moving to secured lending in Brazil. This portfolio grew an impressive 615% YoY to $1.4 billion, representing 23% of our total lending portfolio. We signed nine new agreements with collateral counterparties in the public sector, expanding our total addressable market for payroll loans to 70% of the segment. As a result, 12.0 million of our customers are now eligible for payroll loans, along with an additional 80 million for FGTS loans. We also enhanced our portability solution and features, and as of

December 2024, 16% of INSS originations came from customers who brought their loans to Nubank and refinanced them under better conditions. At the same time, we captured over 30% market share in FGTS originations, underscoring our strategy's success and product-market fit, as well as the power of our low-cost distribution model.

Building on our success in Brazil, we made significant strides with our High-Income strategy, expanding our reach with close to 700,000 Ultravioleta customers, a 132% year-over-year increase. Credit card performance was also remarkable, with quarterly purchase volume from Ultravioleta credit cards increasing 106% year over year to $1.8 billion in Q4, and accounting for 10% of our Brazilian credit card purchase volume. Our NPS of 84 continues to set us apart as the most-loved brand among high-income customers, alongside a 16% increase in brand consideration.

Finally, our Money Platform is becoming a bigger reality. NuMarketplace had over 1.0 million customers shopping on our platform throughout the year. We also launched NuTravel, enabling customers to plan their trips seamlessly and securely within the app, with the guarantee of the best price, bundled with a Multi-Currency account for even greater convenience. And in an exciting development, we introduced NuCel, our MVNO service in partnership with Claro, further diversifying our offerings, strengthening NU's ecosystem, and expanding our addressable market.

As we continue making progress in our three geos, we remain very excited about the exciting opportunities we have ahead of us by expanding Nu's platform, increasing the market share of our core products, and further monetizing our existing customer base. Additionally, capturing growth in new verticals with our Money Platform strategy is gaining traction, significantly broadening our Total Addressable Market. The strategic expansion of our ecosystem has continued with the launch of NuCel in Brazil's massive telecom services market, and the build-out of NuMarketplace. What's particularly exciting is that these are entirely new and significant avenues of growth for us, along with NuTravel and NuPay.

Reflecting on 2024, we are very pleased with the progress we've made across our strategic priorities, and we see several early indicators confirming that we remain on the right path. Nevertheless, our perspective is that it's still just day one. We remain focused, ambitious, and excited about what's ahead. 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.

As David noted, 2024 was an exceptional year, marked by strong and consistent revenue growth, deeper customer engagement, combined with solid operating margins and profitability, all of which further validate the power and efficiency of our business model. Let's take a closer look at our fourth-quarter results and how we have continued advancing across the key pillars of our strategy.

Beginning with customer acquisition, we saw another quarter of strong growth, adding 4.5 million new customers to our platform and ending the year with 114.2 million customers, a 22% increase over 2023.

As our customer base continues to expand, our focus shifts increasingly toward engagement and retention. Our active customer base also grew by 22% year over year, with our monthly activity rate reaching 83.1%. Please note that activity dynamics in Mexico and Colombia differ from Brazil's, as we refine our product offerings in these two important markets. While customer growth in Mexico and Colombia outpaced Brazil this quarter, initially lower activity levels in these two countries temporarily impacted our consolidated activity rate.

Turning to revenue expansion, as shown on the first chart on slide 10, Nu continued strengthening primary banking relationships, now representing approximately 61% of our active customer base. This strong performance underscores our ability to capture a larger share of wallet through effective cross-selling and upselling, further reinforcing our position as our customers' primary financial partner. We are also very pleased to see that recent cohorts are reaching this level of primary relationships at an accelerated pace.

The chart in the center shows that the average number of products per active customer has now reached 4.1, also demonstrating the success of our cross-selling strategy, even as we continue welcoming a growing number of new customers. By effectively introducing our products to new customers, we deepen engagement and further strengthen our role as their main banking partner.

The last chart illustrates the combined impact of these two powerful dynamics. Best-in-class customer engagement, coupled with our growing cross-sell capabilities, enables increasingly positive results. While our average monthly ARPAC stands at approximately 10.7 dollars, our more mature cohorts are already reaching 25 dollars, demonstrating the strong long-term monetization potential of our model.

Note that the ARPAC dynamics shown in this slide also reflect the accelerated growth of our customer base in Mexico and, more recently, in Colombia. While our deposit strategy in these markets may initially attract customers who engage primarily with the Cuenta product, one that generates relatively lower ARPAC levels, we are highly confident in the long-term value of this approach. As we have seen in Brazil for nearly a decade now, this strategy lays the foundation for deeper engagement and greater monetization down the road.

As depicted in the left-hand chart, our monthly ARPAC experienced a slight decline of three cents. However, on an FX-neutral basis, it expanded 5% sequentially and 23% compared to the prior year, despite rapid customer growth in newer geographies, as I mentioned before. Again, we remain confident in our ability to continue increasing ARPAC to its full potential as our customer base matures with time.

The chart on the right shows revenues hit another record high this quarter of nearly $3.0 billion dollars, up by 50% year over year. This remarkable growth was driven by the ongoing expansion of our active customer base and the strong ARPAC levels we continue to achieve.

Our total credit portfolio also experienced robust growth in fourth quarter 2024, increasing 45% year over year and 13% quarter over quarter, both on an FX-neutral basis, reaching a total of $20.7 billion dollars. This strong performance was driven by growth across both lending and cards.

During the quarter, our credit card portfolio maintained its upward trajectory, supported by further expansion in the share of wallets across all customer segments. This portfolio expanded 28% year over year and 9% sequentially on an FX-neutral basis, to $14.6 billion dollars.

Meanwhile, our lending portfolio more than doubled during the year to $6.1 billion dollars, a 22% sequential gain, also on an FX-neutral basis. Lending continued outpacing credit cards, reaching 29% of the total portfolio. Consistent with previous quarters, our lending cohorts demonstrate strong credit performance, enabling us to further scale origination. This growth is driven not just by increasing customer eligibility but also by gradually expanding ticket sizes and loan durations, which remain a fraction of industry averages. This approach underscores our significant growth potential but also reflects our ability to navigate challenging environments with agility and resilience, as we've demonstrated during previous economic downturns in Latin America.

Now, let's look at a breakdown of our credit card portfolio.

Interest-earning installments continued growing quarter over quarter. However, this growth was overshadowed by strong seasonal expansion in non-interest earning balances, bringing the share of interest-earning installments down to 27% of the overall credit card portfolio. Please note that this outcome aligns with expectations that we shared last quarter, following the intentional deceleration of PIX Financing for specific risk bands. Although demand for our PIX Financing products and their profitability remain very strong, we have deliberately tempered the pace of eligibility expansions during the second half of 2024 to carefully monitor the performance in the coming quarters and to assess what we call the second-order effects of this product on customer engagement and the long-term value of customer relationships.

Now, at the beginning of 2025, after extensive testing and adjustments, we began refining our Pix Financing offer for different risk bands, taking into account customers' potential exposure to this product to mitigate any undesirable effects on asset quality or engagement across our platform. Given this approach, and especially in a more challenging macroeconomic environment, we do not anticipate a significant expansion of Pix Financing penetration, at least, in the short term.

Let's move to our lending business. Originations surged 84% year over year to R$18.4 billion in the quarter. Unsecured lending remained the primary growth engine, originating R$15.6 billion, and demonstrating our success in fostering financial inclusion for both individuals and SMEs in Brazil.

Now, our secured lending originations reached R$2.8 billion in the fourth quarter of 2024, representing 15% of total lending originations. Notably, these originations are 100% in-house, generated exclusively through our platform, and do not include portfolios acquired from third parties. Equally exciting is the strong performance of FGTS-backed loans, which expanded to over 60% of our total secured lending originations. Nu's market share of new originations in this product has already surpassed 30%, reflecting the strong market fit of our fully digital distribution channel.

This year, we also made significant progress toward achieving product parity, and we are pleased with the early performance indicators of new features for public payroll loans in Brazil, such as portability, top-up, and refinancing. Additionally, we successfully integrated and launched operations with Brazil's Armed Forces, a key milestone in expanding eligibility. To further grow our Total Addressable Market or TAM, we have signed new collateral agreements, now totaling 11, including partnerships with several major Brazilian states and municipalities. These agreements will allow us to reach over 70% of the TAM for payroll loans in Brazil in the coming months, expanding access for newly eligible customers and supporting continued growth in originations.

On the funding side, our total deposits for the quarter increased to $28.9 billion dollars, up 55% year over year on an FX-neutral basis. This growth was supported by robust expansion across our three geographies. In Brazil, deposits reached $23.1 billion dollars, an 11% sequential increase on an FX-neutral basis.

Additionally, our deposit rate strategy in Mexico and Colombia continued to yield excellent results. It has significantly increased deposits in both countries, furthering our mission to empower customers to take control of their financial lives while also adding financial resilience and strong liquidity buffers to our operations. Even after reducing the spread over the interbank rate, our operations in Mexico accumulated $4.5 billion in deposits, a fourfold increase from 2023, highlighting our ability to enhance cross-selling opportunities while improving unit economics.

Lastly, our performance in Colombia exceeded our expectations. Deposits reached $1.3 billion just two quarters after launching Nu Colombia's checking account, placing us among the country's top five financial institutions based on demand deposits for individuals.

Net interest income rose significantly, increasing 57% year over year and 9% sequentially on an FX-neutral basis, reaching a record high of $1.7 billion dollars. Conversely, our net interest margin contracted 70 basis points to 17.7% this quarter. This was primarily driven by the very same factors that we highlighted last quarter: First, lower credit yields, reflecting ongoing shifts in both product mix, due to the increasing share of secured loans, and customer mix, as we continue testing price elasticity in line with our improving risk profile. Second, funding costs also increased as a result of stronger deposit growth in Mexico and Colombia, consistent with our deposit rate strategy in these new geographies, which are still remunerating deposits at a premium to benchmark rates. Additionally, FX movements once again negatively impacted our NIM, as the FX rate used to translate the numerator depreciated more than the FX rate applied to the average interest-earning assets of the denominator.

Looking ahead to the mid-to-long term, we remain confident that balance sheet optimization will be the primary driver of future NIM, especially as deposit normalization in Mexico and Colombia takes place. Regardless of interest rate trends, we see significant opportunities to expand originations by shifting funds from cash to credit. With our loan-to-deposit ratio still at significantly low levels, we believe there is a lot of room to improve efficiency and further strengthen our profitability levels.

Let's turn to the last pillar of our strategy: maintaining a low cost-to-serve.

We continue to believe that our platform is one of the most cost-effective in our markets, and represents a significant competitive advantage. Accordingly, we remain committed to keeping our cost at or below $1 per active customer for the foreseeable future.

Once again, we achieved this goal, with a cost-to-serve per active customer of 80 cents of the dollar. On an FX-neutral basis, this represents an 11% year-over-year increase, largely due to seasonal spikes in data and processing usage. Simultaneously, our ARPAC grew by 23% over the same period, highlighting the strong operating leverage of our business model.

Our gross profit reached $1.4 billion dollars this quarter, an 8% sequential increase and a 44% increase from 2023, both on an FX-neutral basis. Gross profit margin stood at 45.6%, returning closer to 2023 levels despite higher funding costs we expected in our new geos.

This performance also reflects the strength of our operating model, which continues to deliver significant profitability even as we expand and invest in new markets.

Over the past quarter, we continued demonstrating our ability to drive operating leverage as our business scales. Our efficiency ratio improved significantly, closing the quarter at 29.9%, a 150 basis-point improvement from the previous quarter and over 610 basis points better than last year.

This progress underscores the strength of our low-cost operating model, which enables us to sustain strong growth and drive product innovation while maintaining efficiency. With ongoing investments in technology and automation, we remain confident in our ability to further optimize our platform as we continue to scale.

Net income in the fourth quarter reached $553 million dollars, up 7% sequentially and 85% year over year on an FX-neutral basis, while our net income margin expanded 300 basis points to 18%. Additionally, adjusted net income for the quarter increased by an impressive 87% from 2023 levels to $610 million dollars. Our strong bottom-line results further demonstrate the effectiveness of our strategy and the resilience of our business model.

While we are pleased with our fourth-quarter performance, our focus remains on maximizing the long-term value of both our customer relationships and our company. This approach entails making deliberate short-term investments to unlock future growth opportunities, enhance customer engagement, and reinforce our leadership position in the markets where we serve.

Now, I'll hand the call over to Youssef, our President and Chief Operating Officer, to discuss asset quality and the overall health of credit portfolio.

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

Starting as usual with NPL trends…

Our leading indicator, the 15-90 ratio, declined sequentially by 30 basis points to 4.1%. Beyond the normal seasonal decrease we see in early delinquencies in the fourth quarter, this improvement was driven by mix-shifts (i) toward lower risk customers in Credit Card, and (ii) toward lower risk products given the growing mix of secured lending within our portfolio.

90+ NPLs decreased by 20 basis points to 7.0%, both in line with seasonality and as a result of past trends in 15-90 which have been decreasing for three quarters in a row now. Those decreases in 15-90 are now showing up in the 90+ ratio (which as we've mentioned in past calls behaves as a lagged, stock indicator of long-dated delinquencies).

This next slide highlights asset quality trends for both 15-90 and 90+ NPLs, this time on the basis of Interest-Earning Balances rather than total receivables in the denominator.

As you can see, the trends have remained stable to declining in recent years, reflecting the strength of our credit underwriting and portfolio management capabilities. This demonstrates that we are being rewarded for the additional risk we've taken, reinforcing our strategic focus on maximizing the lifetime value of customer relationships rather than solely optimizing delinquency metrics over the short-term.

Let's now turn to our renegotiated portfolio, which we revisit annually to share updates on key trends.

Renegotiations have remained relatively stable over the past year with the majority of their volume occurring before 15 days overdue as a result of our low friction, proactive approach to this customer experience. This helps customers reorganize their finances early, lowering the risk of delinquency while minimizing the impact on NPLs.

As shown on the right-hand chart, we maintained a robust provision coverage level of more than 200% over 90+ balances of our renegotiated portfolio, underscoring our prudent risk management and focus on resilience across our credit operations.

In line with the growth of our credit portfolio, credit loss allowance expenses increased by 12% sequentially on an FX-neutral basis, reaching $804 million dollars this quarter.

In turn, Risk-Adjusted NIM compressed by 60 basis points in the quarter, driven by the 70 basis point decline in NIM explained by Lago earlier, partially offset by a 10 basis point improvement in cost of risk.

To conclude this section, we are sharing an analysis conducted with one of our data providers, which compares the performance of our credit card portfolio to that of the Brazilian market.

The six charts on this slide show 90+ NPL time series segmented by risk band, where the purple line represents Nu and the gray line the rest of the industry.

As you can see, across every segment our portfolio consistently outperformed the industry, resulting in lower delinquency rates within any risk band. This reflects the strength of our credit underwriting capabilities, which are based on a more precise risk assessment of each customer and the sloping of credit limits to make them more appropriate to each individual customer alongside other factors such as achieving a higher share of principality, meaning that more customers use Nu as their primary financial institution, which further enhances usage and repayment behavior and strengthens overall portfolio performance.

With that, I would like to turn the call over to David. **David,** go ahead please.

David Velez: Thanks, Youssef.

As we look ahead, we remain in the early stages of leading a profound transformation in financial services, both in Latin America and globally. Although we have maintained a remarkable growth trajectory since founding Nu, today we only capture a fraction of financial services revenue worldwide, which reinforces our belief in the vast opportunity still ahead of us.

Our strategy continues to prioritize responsible and ambitious growth over short-term earnings gains, and we see 2025 as another pivotal year of investment, during which we will deepen our presence in Brazil, Mexico, and Colombia, expand our product portfolio, and lay the groundwork for our long-term ambitions.

With this in mind, I'd like to outline our 2025 priorities through what we call our 'Three-Act Story.'

Starting with Act 1: Building the Largest and Most Loved Retail Banking Franchise in Latin America. This is our focus today and where the majority of our resources remain allocated. While we have achieved significant scale, our market share still represents less than 4% in revenue terms, only a fraction of its full potential. In this growth phase, we will continue nurturing customer love, scaling our credit operations, and increasing principality in Brazil, Mexico and Colombia, all while delivering a seamless, fast, and globally reliable app experience.

Moving to Act 2: Expand Beyond Financial Services. We embarked on this journey a few years ago with our entry into the marketplace, travel, and, more recently, telecom verticals. With a large and highly engaged customer base, one of the most loved and trusted brands in Brazil, and significant data and cross-sell capabilities, we believe we have earned the right to go beyond traditional financial services. Our goal is to create an ecosystem that broadens our addressable market and empowers customers to optimize their spending. Building upon the engagement and needs of our customers, we believe this strategy will enable the launch of new verticals in the future.

And finally Act 3: A Global AI-Driven Digital Banking Model. This is our long-term vision. We endeavor to evolve our regional digital banking platform into a global model, leveraging artificial intelligence to provide hundreds of millions of customers with access to financial products and services that have historically been reserved for a select few. In 2025, we will take critical steps to turn this vision into reality by building the necessary foundations to support our products and services at a global scale.

As our Three-Act story unfolds, our unwavering focus remains on execution, customer-centric innovation, and sustainable growth. We have built a technology platform with the potential to truly redefine financial services across Latin America and beyond, and we are more excited than ever about what lies ahead as we develop our platform to thrive in this new asset class.

Thank you for your continued support, and we look forward to another year of progress and positive impact.

With that, we're now ready to address your 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. Jörg Friedemann,** Investor Relations Officer.

Jörg Friedemann: Thank you operator. Please open the line for Jorge Kuri, from Morgan Stanley.

Jorge Kuri, Morgan Stanley: Congrats on the numbers. I wanted to ask about a comment that Lago made earlier regarding Pix. Can you just clarify what and not expanding Pix in the short term means? Is this not expanding it as a percentage of the portfolio? Or is it actually not expanding it in absolute balances so that it will shrink, I guess, as a percentage of your total credit card portfolio?

Guilherme Lago: Thanks for your question. So what I meant is that we should not grow Pix financing as a percentage of the overall portfolio, not in absolute terms. So yes, overall, Pix financing should continue to expand, but more in line with the overall expansion of our credit card portfolio in Brazil in the very short term. So as we mentioned in the prior call, we basically reduced the eligibility growth of Pix financing for the lowest kind of credit bands of Pix financing, primarily to address what we saw, some deteriorations in second order impacts related primarily to NPS, churn and engagement. And here, it's important to highlight that the overall profitability and resilience of the Pix financing portfolio continues to be remarkably positive, but we wanted to improve the way that the customer is being presented and the customer journey so as to minimize or even eliminate any potential negative second order impact. We have been working with our teams over the course of the past months in such improvements. We now have about 12 tests in the market to improve the journey of the customers. We are seeing some encouraging results, and I'm encouraged to believe that we will be able to resume growth in percentage terms over the coming quarters. But I don't want to create any expectations that this resumption of growth will necessarily happen in the next 1 or 2 quarters.

David Velez: And Jorge, let me add one point here related to this because I think it's a good opportunity to understand, it even goes back to culture. This is a great example of a product that is very profitable and we've shown profitability. And that if we were optimizing for short-term profitability, we would continue growing significantly. But here, we have a choice to make, which is prioritizing short-term earnings over improving in some ways the user experience. And as we've always said, we are optimizing for the long run. We're optimizing for long-term consumer love. And we're just not necessarily happy with the secondary effects on NPS. So we'd rather take it slower, continue improving the user experience, the user interface, the long-term NPS of the consumer, and accelerate the growth once we are very comfortable with that. And I just think it's a good example of what improving and optimizing long-term NPS means, even though it might cost us a bit on the short-term earnings per se.

Jorge Kuri, Morgan Stanley: That's very clear. If I may add a follow-on because I'm guessing Pix has had an impact on your NIM and risk-adjusted NIM. Is it possible for you guys to help us understand the different moving parts on risk- adjusted NIM, for example? I mean, Lago, you talked about the funding cost increase in Mexico and Colombia, the temporary increase in funding cost in Mexico and Colombia, because you're growing the business, had a negative impact on your NIM, taking on more risk-type clients and then the FX portion. Can you sort of like walk us through the bridge of what each of these items has had the impact on, say, your risk-adjusted NIM, which is now 9.5%, and it was 11% two quarters ago. So that 150 basis points, more or less, how does it break out between the different components?

Guilherme Lago: No, great question, Jorge. So in the fourth quarter of 2024, our NIM dropped by about 70 basis points, and you can probably see this in one of the slides that we have presented in the earnings. Out of those 70 bps drop that we saw, I would say that the most relevant factors were, number one, the FX, right? So the FX, we use different FX rates when we translate the local currency into dollars, the denominator and the numerator. So the numerator is usually employing a kind of average FX. The denominator is typically translated, implying end-of-period FX. And the use of those different FX rates explains about 44%, 45% of the 70 basis points contraction. The remaining 55% of the contraction is largely equally explained by two things: number one, the drop in yields in the overall credit portfolio in Brazil as we grow secured lending more than we grow unsecured lending in terms of loan balance; and two, as a result of the growing deposits in Mexico and Colombia, which are still paying kind of interest that are higher than the interbank deposit rates. So those are the three things, Jorge, that I believe justify the contraction of the NIM.

Now if we move to risk-adjusted net interest margins, you do have the same kind of a 70 basis points to which I alluded before, and then you have a positive 10 basis points on cost of risk performing slightly better than expected. Going forward, how do we see this? And so certainly, there are a lot of moving parts with respect to product mix, with respect to Brazil versus our international geos. But we continue to believe that the most relevant outlook for NIMs and risk-adjusted NIMs is the optimization of the balance sheet. We continue to have a loan-to-deposit ratio that is below 40%. As our loan book grows and we shift part of our liquidity from treasury bonds to credit portfolio, we do expect to see NIMs expanding in the medium term.

Jörg Friedemann: And our next question comes from the line of Eduardo Rosman from BTG Pactual.

Eduardo Rosman, BTG Pactual: I have a question here regarding one of your slides. I think it's Slide 26. I think Youssef, you showed how Nubank has been performing, right, better than peers in credit card underwriting, right? So I think that the loan growth strategy, the principality, kind of explains part of that. But what about unsecured personal loans, right, which is where you've been kind of accelerating at the margin, right? Do you believe you can achieve the same level of outperformance as you did in credit cards? Is that a different product? What should we think about it? Should we think about them combined? So if you could help us understand it, it would be helpful.

Youssef Lahrech: Thanks for the question. You're right. So even though the analysis we presented here on Page 26 applies to credit cards, I expect the same dynamics to be playing out in unsecured loans as well. It's just in credit cards, it's a little bit cleaner as an analysis to do because you can identify those loans with a little bit more precision than unsecured loans. Typically, unsecured loans tend to be packaged with other types of partially secured or other types of collateral that would show up in various data sources that are hard to kind of parse out. But I would say the ability to do low and grow in unsecured lending would show up in the form of very small tickets in the beginning for new customers or customers that don't have a proven track record of repayment. Then over time, we get repeat usage. When we get repeat usage and we have more performance data. We can actually increase the amount of loan exposure that we give out to a customer to be able to borrow. And likewise, the more data we have, the more precise our risk assessment can be. So like all those dynamics are applicable to unsecured lending as well, and we believe that credit underwriting expands to that product class equally.

Jörg Friedemann: And our next question comes from the line of Tito Labarta from Goldman Sachs.

Tito Labarta, Goldman Sachs: My question, on the secured lending, you mentioned here, $1.4 billion in secured loans, much bigger than we had thought. I think it's the first time you disclosed this. And you continue to grow the originations there. Just want to understand, how do you think about the continued growth of that, both from FGTS and payroll loans now that I think, on the payroll loan side, you have signed several agreements, you have the portability? Do you think this growth should accelerate even faster? Also particularly in a year where macro is a little bit more challenging in Brazil, do you think this can really be a big driver of growth and profitability for the rest of the year? Just help us maybe contextualize the growth or the opportunity set of the secured lending portfolio.

Guilherme Lago: Tito, thanks so much for your question, and we couldn't be more excited with the growth of our secured lending portfolio, in both kind of the direct P&L and unit economics that it brings but also the strategic relevance of growing in an asset class that has proven to have a relatively good correlation with principality for our customers. But let me try to break down my responses in a few. So within the secured lending portfolio today, we basically have three asset classes. We have public payroll loans, we have FGTS, and we have investment-backed loans. So public payroll loans have, over the course of the last 12, 15 months, been basically improving products and features focused primarily on the two major collateral lines, namely INSS and SIAPE. By the end of 2024, I believe that we have reached what we call product parity with the market. So our customers today can do first loans; can do refinancing; can do top-up with portability. So we do expect that just relying on those 2 main collateral agreements, which account together for more than 50% of the target market, we will see an acceleration of our originations and loan portfolio throughout 2025. Now in addition to INSS and SIAPE, we have now signed over 9 or 10 new collateral agreements, including with the Brazilian Armed Forces and the largest states and municipalities of the country, which should only add fuel to the fire. And in fact, in January 2025, we have seen historical high originations for public payroll loans and secured lending in general. So we are excited with the prospects of public payroll loan secured lending. Now going to the second asset class, FGTS, that has been what we believe to be a fairly successful entry strategy into a new product. We estimate that we already account for more than 30% of the originations of FGTS financing in Brazil, which we see with a positive lens for two reasons. First, it is a very profitable, very resilient asset class in itself. But also it showcases how successful direct-to-consumer fully digital distribution channels can play out in Brazil. And we hope to take the learnings that we have accumulated with FGTS into public payroll loans.

And then finally, the third asset class, which is investment-backed loans, which accounts for, give or take, 10%, 15% of our total originations, we'll continue to expand in line with the expansion of our customer base and asset class. So those 3 asset classes are what we consider to be today our secured lending, and we think it will only pick up throughout 2025. It is also timely, Tito, to highlight the prospects of private consignado, which you have been writing about and many other people have been talking about, which is a completely new asset class that may be formed in Brazil. Even though technically this asset class already exists today, the changes and improvements that are expected to be brought to the market can really unleash the growth of a new form of consumer credit in the country. And it will not only be able to increase the size of the pie of consumer credit in Brazil, but also materially improve the terms and conditions of credits to Brazilian consumers. So we have been working very closely with the Brazilian government, with other industry participants. And we believe that this could be a very good opportunity for our customer base and for Nubank to continue to expand its share of wallet.

Tito Labarta, Goldman Sachs: Great. That's very helpful, Lago. If I can, just a follow-up. Just to think about the profitability of the payroll. Because it's a more secured product and yields are much lower, and we're seeing risk-adjusted NIMs coming down, but I imagine you also have -- as you mentioned, you have a lot of capital, you can leverage up the balance sheet, so how do we think about profitability of payroll loans relative to the profitability of credit cards, personal loans and sort of where the bank is today?

Guilherme Lago: So you are absolutely right, Tito. So the profitability, if you measure this on ROE, the ROE of the secured lending asset class is, in fact, lower than the ROE of the unsecured lending and lower than the ROE of credit cards. However, I would not agree with the assertion that the growth in secured lending is expected to dilute our overall ROE. Why do I say so? Because we will not be growing secured lending at the expense of credit cards or at the expense of unsecured lending. We will basically be putting to work the excess of liquidity and the excess of capital that we have in the balance sheet.

So if I were to illustrate this more simplistically, we are basically shifting part of our treasury bond portfolio in Brazil to fund our secured lending business, which in itself has much bigger NIMs and risk- adjusted NIMs for us. So it does have lower ROIC or lower ROEs, but it should not be dilutive to the overall level of profitability of the company. On the contrary, it should help us kind of optimize balance sheet deployment and overall profitability levels for the company. Not to mention, Tito, the fact that it is an important product to foster additional primary banking relationships, additional engagement, which in itself will bring many long-term benefits to the relationship of Nubank with our now over 110 million customers in Brazil.

Jörg Friedemann: And our next question comes from the line of Thiago Batista from UBS.

Thiago Batista, UBS: Okay. I have one question about the credit card business, especially in Brazil. When we look for the numbers and your market share by segment, it seems that Nu is approaching a kind of maturation of this product in the country. Do you agree with this view that there is not a lot of room to expand in the credit card business in Brazil? And just as a follow-up on this point, we saw this quarter a contraction in the NII of credit cards. Was this caused by the Pix financing? Or is there another expansion for this contraction in the NII of the credit card business?

Guilherme Lago: So thanks for the question. Let me try to get the reduction in the NII or in the yield of credit card, and then I'll let Jag or Youssef comment on our credit card penetration across the segments and the growth opportunities that we continue to have within this product in Brazil. So generally, what you will see is that what we call credit card yield over the past 2 or 3 quarters has decreased in Brazil. That has been largely a function of 2 things. So as we continue to grow our shares in our more affluent customers, namely what we call UV, or ultraviolet, we operate with lower price points when we enter more affluent customers. And as the growth of more affluent customers through UV has outpaced the growth of less affluent customers and therefore, has gained relevance in our overall portfolio, it has contributed to a slight contraction in the credit card yield. The second thing, which is more related, Thiago, to the last 2 quarters, since the beginning of the second half of 2024, as we identify the second order impacts of Pix financing and we reduced the expansion of eligibility in these customers, that also has created some headwinds for credit card yield. But overall, this is a product that continues to generate very healthy ROEs and very healthy levels of credit resilience, which we are very happy to continue expanding.

Jag Duggal: Yes. Lago, let me complement the question from Thiago. Thiago, I think the short answer is we still see significant room for growth in credit card in Brazil. I'll go through it sort of step by step. First of all, in the typical mass market customer that we've historically served, you will note that we've made efforts to reengage customers who were previously inactive and made some progress on that. That is an ongoing effort, and we have a portfolio of initiatives against that through last year and into this year, and we expect incremental progress and continuing to have improvements in customers' activity and purchase volume, et cetera. There are also significant opportunities, we believe, over the medium term to grow into other segments where we've historically not played as much. I'll point out two of them. First is the high-income customer segment where, over the course of 2024, we have well over doubled the number of Ultravioleta customers and also doubled our purchase volume from Ultravioleta credit cards as we've worked to significantly improve that product. We've also started to get some very good early traction for small business customers, so-called PJotas, in the credit card product. So steadily, over the medium term and beyond, we expect that there's significant room to grow in our credit card product just in Brazil where, as you will note, we've only had today about 14% market share as indicated by purchase volume. And so we don't think we're anywhere near the frontier of what is possible with the business model. There's more room for growth in the mass market, even though our shares are higher there. And there are many new segments, which we've been laying the groundwork for several years, and in particular, in 2024.

Jörg Friedemann: And our next question comes from the line of Gustavo Schroden from Citi.

Gustavo Schroden, Citi: My question is regarding the credit cycle. We've seen some signals of a potential deterioration in inflation, inflation for food, and we know that there is a high correlation between inflation and asset quality, also an environment of high interest rates and some questions about the macroeconomic environment. And we've seen, I mean, the system or most of the banks that we talk to adopting a more conservative approach on the credit concession. And I can see that according to this call and your words, we can see that Nu is still, I would say, relatively positive in terms of credit growth, of course, excluding the Pix finance, as you explained, that you need to redesign the product. But on the other products, we can see you're still positive on the pace of growth. I'd like to understand, what's the difference here, and if you do not have concerns about potential adverse selection in this environment?

Youssef Lahrech: Thanks for the question. Listen, I wouldn't say that we're not concerned about macro. In fact, just as a reminder, the way we underwrite credit in good and bad times, we're always very concerned about adverse effects from macro factors, external factors, and just kind of generally unknown factors. And so this is why we always say that when we underwrite a loan or a credit card or any form of credit, we expect the future to be significantly worse than the past, right? Those are the assumptions that we put in our models to underwrite. They always have significant stress from a forward-looking perspective, and we've adhered to that philosophy throughout. This is not the first time that we're facing a negative outlook with respect to Brazil macro, in particular. And not only that it's a matter of outlook, we've actually gone through severe recessions throughout our 10-plus year history. So we have both a battle-tested portfolio and a battle-tested kind of underwriting framework around that. So we try not to time the market with a lot of precision because we don't think we have a better crystal ball than anyone in terms of forecasting short term what happens to macro, what happens to asset quality. And so we prefer to take a very conservative approach and assume that the future is going to be worse than the past at all times. And we've learned that in terms of our ability to withstand negative parts of the cycle, the decisions we make in good times, when the macro is favorable, tend to drive our performance of the portfolio in bad times. And so we think we've underwritten a portfolio throughout the cycles that is very resilient, that can withstand over twice the amount of risk that we've observed and still be profitable and above hurdle from an NPV perspective. And so we continue to underwrite with that level of caution built into the system. In addition to that, we're not blind to the fact that the forecast has worsened in Brazil. And so when we do not just underwriting, but when we do allowance and provisioning, we do reflect a slightly worsened forecast in terms of how much we provisioned. So those are some of the ways we think about that, and we remain really confident in our ability to continue to underwrite and continue to grow in both good and bad parts of the cycle as we have in the past.

Jörg Friedemann: And our next question comes from the line of Mario Pierry from Bank of America.

Mario Pierry, BofA: I wanted to ask a question to David. On your last slide, you talked about building the critical -- or taking the critical steps to build a global franchise or global scale this year. I wanted to hear a little bit more, what does this mean in terms of investments and costs? And exactly, what is the plan? Are we talking about here then which markets are you looking to enter? Are you most excited about a potential U.S. franchise or expanding Southeast Asia, Africa or other countries in Latin America? So again, if you can give us a little bit more, what are you thinking about, becoming this global digital bank? And also, what does this mean in terms of expenses in '25?

David Velez: Sure. Happy to. So going back a bit to where we started the business, the basic hypothesis of Nubank since 2013 is that the digital banking model that we are growing is the right business model to bank, 80%, 90% of the world population. 20, 30, 40 years from now, we're not going to be seeing people going to a banking branch. It's going to be much more of an exception than a rule. And we think about the past 10 years in Brazil, Mexico and Colombia as having been able to prove that hypothesis, at least in the first market, which is Brazil.

I think what we can show when we show our Brazilian business today, we can prove that this is a model that, number one, can reach more people and can include more people into financial services; can do it with a higher quality, with a higher Net Promoter Score; can do it with a much lower cost and also with a higher profitability. It's a superior business model because it makes every stakeholder better: consumers, investors and employees. And Mexico and Colombia are going in the same direction. I think we're very good. We're very happy so far with the results that we've seen so far, and it's following very similar paths to Brazil, even though the markets are different in a number of different ways. So in a way, we think about the first 10, 11 years of Nubank history as proving the hypothesis in this core banking market in Latin America. Then the question is, how do we go for the next 10 years? And I think over the next 10 years, we'll continue to go after that hypothesis of testing this model really in more countries beyond Latin America. There are a number of complexities to do that. This is not an easy model to internationalize, especially the way we do it, which is we want to become the primary bank account of our customers. We're not just a wallet. We don't want to be just a wallet where you leave some cash to do some payments or some remittances. We want to be the primary bank account of customers. We think that's the most valuable strategic positioning in banking because of all the advantages that that brings. And to be a primary bank account, we have to go very deep in these markets. We have to get banking licenses. We have to get connected with a number of different local parties. So therefore, it has been a relatively slow internationalization. A big part of that speed of internationalization has to do with our technology platform. Nobody in history, as far as we can tell globally, no other global bank, global consumer retail bank, has been able to build a multi-country platform that is extremely efficient, that has one core base -- once code base, that ultimately could give them a significant advantage in expanding. And we've actually been building this already for about 18 months and probably have another 18 to 24 months, and it's something that we'll continue maybe forever. It's having a core bank, proprietary core banking platform that allows us to be in multiple countries, that allows us to launch new countries with relatively low investment. So getting specifically to your question, what this really means is we're continuing to build this technology platform and this technology infrastructure through 2025. It's not going to be a meaningful expense change versus what we already have been investing. We've mentioned last year that 30% to 40% of our employees today are building products that are generating no revenue. So we're investing significantly for these next 10 years of evolution already. That is true for 2023. That is true for 2024. It will be true for 2025. It won't be a significant change versus what you've seen in 2024. And once we pick a country or countries, we're going to always do it in a way where it's more of a call option approach, where we start slowly, we invest little money upfront. And as we get confidence and conviction about markets, we're going to continue to invest significantly. That's what we did in Mexico. That's what we did in Brazil. We launched Brazil with $1 million. We launched Mexico with about the same. So you won't expect us doing big-bang approaches in new, big markets. We'll take a much more careful approach, testing the hypothesis at every angle, trying to leverage our own technology and our own capabilities, and do it in a way where if we find the significant upside, we'll invest much more on that. So long answer to your question, which is effectively, don't expect any meaningful changes in expenses. That's already embedded in the type of expense and investment that we've already been doing for a few years.

Mario Pierry, BofA: That's clear. But when we think about it, right, I think you mentioned that today, you only have 4% market share of the profit pool or the revenue pool of the countries where you are operating. It feels like you are still at the very early stage in the current countries. Like, I guess, wouldn't it make more sense first to continue to grow in these countries and make sure that you get the strategy right, especially in Mexico? It feels like you're going in the right direction, but it will probably take a few more years before you become profitable, and it's a very competitive market, right? The Brazilian market is also evolving. We're seeing competitors, ever since you entered the market, they're adapting, right? So my main concern is, okay, I get 30% to 40% of employees working on projects that don't generate revenues today, but what about senior management, like the distraction, right, that you are going to have when you try to become like a global franchise? So again, sorry for the question, but it feels like maybe a little bit too early, that maybe you should be bigger in your existing countries before you start thinking globally.

David Velez: No, I think it's a phenomenal question. And I think you're right. And you're actually saying exactly what we are saying, which is the focus, and if you listen -- if you go back a bit to what I said initially, the overwhelming focus of management and the company remains on what we call the Act 1. So Act 1, which is Brazil, Mexico and Colombia, continues to have over 90% of all the focus of the company. We think this is the highest priority. We continue to -- we think Mexico is a huge opportunity. We're excited about the secured lending opportunity. Brazil, the 4% revenue market share that you mentioned in Latin America, it's tiny. There is a lot that we can do to increase the revenue share, especially in the 3 countries that we operate, which account for 60% of the entire revenue share of Latin America. So you and I are aligned. The point though is right now, for internationalization specifically, getting ready is a multiyear effort. And so it is prudent to start investing 1%, 2% of our capacity to be ready to do that in a few years with much more investment of resources and energy. So we cannot do this fully sequentially. You got to do a little parallel execution in there. 90% plus goes into core. Even the 40% metric of employees investing in stuff that doesn't generate revenue, they are associated with Act 2, which is growing financial services, and that is associated with the markets that we are today. But for internationalization, specifically today, it's a tiny percentage of our capacity that is going into figuring out that next phase of growth that we have ahead.

Jörg Friedemann: And our next question comes from the line of John Coffey from Barclays.

John Coffey, Barclays: I saw that your principality is now at, I think, 61% of your active customers, up from 60% last quarter. I know this is probably going to be a challenging question to answer, but can you give me any kind of high-level way of thinking about what these 1 point increases in principality, and what that could mean to the P&L and the model in general? Any like, again, views on what we should see if you went to 62%, all other things being equal, what that impact would be on revenue, margins, net income?

Guilherme Lago: Yes, John, thanks so much for your question. Look, I think I wouldn't necessarily get too focused on principality going up by 1% or down 1%. There are some seasonality effects there, especially given how we measure principality. Especially in the fourth quarter of the year, there is a higher concentration on purchase volumes and transactions that may kind of bring principality a little bit up and then eventually a little bit down. But I think if I step back and try to address your question, the primary banking relationship metric for us, which is a metric that we have been evolving over time, is one of the most important operational KPIs for the company because we do believe that primary banking relationship is one of the holy grails of digital banking globally. Why do we say so? Because the ARPAC of a primary banking relationship customer is now 3 to 4x higher than the ARPAC of a non-primary banking relationship customer. The delinquency of a primary banking relationship customer is 48% lower than the delinquency of a non-primary banking relationship customer on an apples-to-apples basis. And so this is the way that our model has been construed. As David mentioned, we are not envisioning to be kind of the secondary wallet or an FX play. We often mention that we are not in the business of collecting social security numbers. We are in the business of becoming the primary banking relationship of our customers. And in a world, especially in Brazil, in which open banking or open finance is expected to unfold positively over the coming quarters, we think it is going to even increase the relevance of becoming the primary banking relationship of our customers. So it's not only a long-term strategic angle. It's also a very short-term kind of P&L boost, and this is one of our primary kind of north stars.

John Coffey, Barclays: One quick follow-up. On your LDR, which dipped from 40% to 39%, I was wondering if you could think a little bit about what the bottleneck is here or why that wouldn't get to maybe 45% in the near term. Would you say most of this is Mexico, where you have a big deposit base, but maybe you're still maybe battle testing the credit model a little bit and that you're not really ready to deploy more of that capital immediately? Or is it something else?

Guilherme Lago: No. I think, look, let me address two points on this good question, John. So first, when you look at any financial institution with an LDR of 39%, I think the first question that one may ask is, look, why don't you drop the deposit rates that you're paying, or why don't you increase the loan book that you have in order to optimize the balance sheet. I think the first approach is we do believe, as we mentioned before, that we want to be the primary banking relationship of most of our customers. And in order to achieve that, we do need to be the place where they make payments, receive payments, store value. And therefore, having a very relevant deposit franchise is very strategic for us, not only from a primary banking relationship perspective, not only from a funding perspective, but also from a data acquisition perspective. So we do not see necessarily having a low LDR as a sign of weakness of the model. On the contrary, it should be seen as a way that we are getting more and more customers' principality and engagement through our platform. Now of course, we do aim and we would love to be able to grow our credit book faster and faster over time in order to kind of optimize the balance sheet. But we also have to be fairly responsible that scaling credit books, specifically unsecured credit books, it's something that you have to do with a very systematic credit underwriting discipline, and you cannot necessarily double or triple your credit book just because you got more deposits. You need to do so carefully and with the right level of credit resilience and thoughtfulness that we believe we have been doing over the past years. So that's, I think, the disconnect that we have been seeing over the past quarters. The growth in deposits in Mexico and Colombia over the past 2 quarters have certainly contributed to lowering our loan-to-deposit ratio. But in both countries, mainly Mexico, we are very confident that by 2025, we'll see a very pronounced ramp-up in the velocity with which we grow the loan book there. Every single credit metric that we observe in Mexico is performing as per our expectation or even slightly better than expected, and that will kind of lay the groundwork for us to continue to improve the balance sheet in each of those geos.

Jörg Friedemann: And our next question comes from the line of Yuri Fernandes, JPMorgan.

Yuri Fernandes, JPMorgan: I would like to ask about unsecured personal loans, if you can provide some more color on the strategy for this product, especially in Brazil. Very good origination, it's the product that's growing the fastest that you have, like more than secured lending that is a less mature product, right? When we look at the number of clients, it is growing, but it's growing a little bit less than the balance. So my question here is like where is the growth coming from, right? Is this a higher duration strategy? Are you going to meet new customers? Is this linked to the lower loan yield that we are seeing? So if you can provide a little bit of color. And just a question also related to this product. This is usually a higher-risk product for most of the time. And we do see you being more selective on fixed finance, but not in this product, right? So why is there a somewhat different approach between fixed finance and unsecured personal loans?

Jag Duggal: Yuri, thanks for the question. This is Jag. I'll try to answer your questions in order. First of all, I would mention to your last point that credit quality has been getting stronger in lending. And we look product line by product line at all of the trends, the first order credit trends, second order customer impacts, et cetera, and make those decisions in a very granular way. So that basically describes why we are making the decisions we are making in lending and why they might be different in Pix financing or other products. Let me zoom out though and talk more broadly about our unsecured lending strategy. And as you've noted, we've seen very, very healthy growth over the quarter and over 2024 as a whole. There are a couple of hallmarks to what we've been doing that's been driving those results. First, we've significantly increased the mix of unsecured personal loans that are going to customers who've already taken a first loan with Nubank. And as a result, we understand and have vetted the risk dynamics. So an increasing mix of our personal loan portfolio, our second loans, our loans to active customers, versus in earlier years when the business was much less mature and much less scaled, we were offering loans to customers for the first time. So now we're offering loans to customers who we've vetted, who have either finished paying a loan or are on course to do so in a very healthy way, and we have greater confidence. That helps a second dimension of our success, although it's only a part of it, which is that we've been able to do two things simultaneously across our lending portfolio, which are the following: adjusted for risk, and that matters, but adjusted for risk. For any given level of risk, we have been able to offer larger loans, and we've been able to offer lower interest rates, better pricing, to our customers over the course of 2024 through, as I mentioned, getting to know our customers better from a personal lending perspective and also through significant investments in credit modeling, which have yielded really significant results, and we expect that to continue through this year as well. And the third thing I would mention is that similar to what I talked about in credit card, where the bulk of our book was in the mass market historically, we are now starting to expand personal lending and adjust the product to be a better fit for new segments. And again, I'll mention the same 2 segments I mentioned when we talked about credit card: high income and small businesses. And in high income, for example, those customers require significantly larger max principles. They expect lower pricing given their lower credit risk on average. And that required significant testing on our part over the last 12-plus months. But as we've gone through that cycle of testing and experimentation, we're now able to provide that to a much better degree, and we're seeing good response from our high-income customers, a similar dynamic on the small business side. So those are the key things that explain the significant success we've had in 2024 and in Q4 on unsecured lending.

Yuri Fernandes, JPMorgan: Super clear, Jag. If I may follow up, just on duration, are you changing the strategy on duration? Are you able to -- with this more comfortable approach on the lending book, I remember it used to be around 6 months, the average duration for this product, are you able to increase this? Like, how are you seeing the term of the loss here?

Jag Duggal: Yes, Yuri, that's a great question. I apologize for missing it on the first go round. It's a great question. What I would say is we are incrementally -- we are working to increase duration as it makes sense for our customers and we are optimistic that we will be able to incrementally increase duration over time relatively slowly, but moving in that direction for longer durations. We have several efforts that are in, I would say, the relatively early stages of testing to move things in that direction. So yes, I'd expect to go in that direction, but I wouldn't expect that to be dramatic or rapid in terms of that trajectory.

Jörg Friedemann: Thank you, everyone. We are approaching 90 minutes of the call. So I will have to end the session. 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 our earnings call today. We are very excited with our developments in 2024, and we continue sharpening our execution to build a new asset class that goes beyond traditional financial services in the years to come. Over the coming days, we will be following up with the questions received via our platform and with those that attempted, but we were not able to ask questions tonight. So 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.