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Nu Holdings | Latin America

Nine U.S. Debates, Two Perspectives

Nubank eyes a vast U.S. banking prize — but cannot simply replay Brazil. Our Latam and U.S. consumer finance analysts examine nine debates, from Latino customers and free remittances to deposits, cards, credit losses, and the economics that will determine whether U.S. optionality becomes real.

Nubank's U.S. opportunity is substantial, but success will require a very different playbook from the one it followed in Latin America. The market is large and profitable, but also mature and intensely competitive, with consumers already enjoying established banking relationships and a growing range of digital alternatives. For us, the investment debate comes down to three fundamental questions: Can Nubank break into such a mature and competitive market and build scale? Is the offering compelling enough to turn those customers into meaningful banking relationships? And can Nubank translate its low-cost model into attractive risk-adjusted returns in the U.S.? Drawing on Jorge Kuri's perspective on Nubank and Latam financials and Jeff Adelson's expertise in U.S. consumer banking, we explore these questions through nine key debates. Importantly, the U.S. is not required to support our existing Nubank bullish investment thesis; it represents potentially meaningful upside whose economics remain to be proven.

1. How big is the opportunity — really? Even a fraction of the roughly $1.0–1.3 trillion U.S. consumer banking revenue pool could matter to Nubank, although the realistically addressable market is much smaller than the headline total.

2. Are U.S. Latinos Nubank's way in? A large, geographically concentrated population with unmet banking needs and Latin American ties offers a natural entry point; entrenched banking relationships remain a challenge, but secondary accounts offer a path in.

3. Could free remittances be the Trojan horse? Offering transfers with no fees and no FX markup in the world's largest remittance corridor, U.S.–Mexico, is highly differentiated and could open the door to much more valuable banking relationships.

4. Can Nubank win deposits without buying them? Major U.S. banks pay just 60–70% of the Fed funds rate on deposits, creating room for disruption; Nubank's measured pricing suggests a focus on customer engagement rather than attracting balances at any cost.

5. Is the credit card proposition enough? Cash-back rates look competitive rather than revolutionary in a market where rewards, service, and established banking relationships shape customer behavior.

6. Does the Latam cost advantage travel? Nubank's roughly 28% efficiency ratio is

MORGAN STANLEY & CO. LLC

Jorge Kuri
Equity Analyst
Jorge.Kuri@morganstanley.com +1 212 761-6341

Jeffrey Adelson, CFA
Equity Analyst
Jeff.Adelson@morganstanley.com +1 212 761-1761

Jorge Echevarria
Equity Analyst
Jorge.Echevarria@morganstanley.com +1 212 761-8015

Nu Holdings Ltd. (NU.N, NU UN)

Brazil Financial Institutions | Brazil

Stock Rating	**Overweight**
Industry View	**No Rating**
Price target	**US$21.00**
Shr price, close (Oct 21, 2026)	US$15.05
Mkt cap, curr (mm)	US$75,128
52-Week Range	US$18.98-11.21

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (US$)**	0.58	0.86	1.30	1.77
Prior EPS (US$)**	-	-	-	-
P/E	29.1	17.6	11.6	8.5

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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about half that of major U.S. incumbents and compares favorably with digital peers; higher U.S. acquisition, servicing, and compliance costs remain the test.

7. Could credit losses spoil the story? New card portfolios face a credit-loss J-curve without seasoned receivables to cushion the impact; Nubank must balance growth ambitions with disciplined underwriting.

8. Who stands to lose share? SoFi, Chime, Cash App, and remittance specialists have the greatest potential customer or product overlap; the largest U.S. banks may prove harder to dislodge.

9. What would prove the strategy by 2027? More than account openings, sustained engagement, reasonable acquisition costs, encouraging credit performance, and disciplined investment will determine whether Nubank has a business worth scaling.

Reiterate Overweight rating on Nubank and $21 price target. Our investment thesis remains anchored in the company's substantial growth and profitability opportunities in Brazil, Mexico, and Colombia, with no meaningful contribution from the U.S. incorporated into our forecasts. We view the U.S. expansion as incremental upside optionality, with a credible strategy to enter the market and a disciplined approach to validating the economics before committing meaningful resources. For a deeper dive into Nubank's U.S. expansion, please see our recent report, U.S. Expansion: Opportunities & Challenges.

Nine U.S. Debates, Two Perspectives

Nubank's September 2026 U.S. launch moves its ambitions from strategic opportunity to real-world execution. Its initial offering of savings, credit cards, and cross-border transfers provides an early indication of how management intends to compete. The more important test, however, will be whether Nubank can translate this proposition into engaged, profitable customer relationships in a market where established competitors enjoy significant advantages. We bring together Jorge Kuri's perspective on Nubank and Latam financials and Jeff Adelson's perspective on U.S. consumer banking to examine the nine U.S. expansion debates that matter most.

1. How big is the U.S. opportunity — and how much of it can Nubank realistically capture?

Jorge Kuri's view

Nubank needs only a small share of a very large profit pool to create meaningful upside. Annual U.S. consumer banking revenues are estimated at approximately $1.0-1.3 trillion, dwarfing most individual banking markets. At the midpoint, 1% of that pool would represent roughly $12 billion of annual revenues, equivalent to approximately 75% of Nubank's total revenues in 2025. The arithmetic is deliberately illustrative, not a market share forecast: most of the pool is not realistically accessible to a new digital entrant. The point is that the threshold for U.S. operations to become relevant is far below anything resembling a replay of Nubank's Brazilian market position.

The U.S. offers unusually attractive banking profitability, not merely market size. The ten largest retail banks generated an average ROE of approximately 20% in their consumer operations in 2025, while credit card banks delivered roughly 27%. These returns are particularly compelling against a U.S. risk-free rate of approximately 5%, implying very robust excess returns. Importantly, adjusting banking ROEs for local risk-free rates makes U.S. profitability look even more attractive relative to most places in Latin America. These attractive economics create room for a more efficient competitor to offer customers better value while still generating strong returns, particularly in deposits, where incumbents enjoy significant pricing power.

Jeff Adelson's view

Market size says little about the difficulty of winning the marginal customer, however there has been room for upstarts to gain share. Unlike in Brazil at Nubank's inception, most U.S. consumers already have several banking and payment products. Growth will largely require winning activity or balances from an incumbent, rather than bringing an unbanked customer into the formal system. Still, consumers have shown a willingness to use competing products with compelling value propositions. Jeff also emphasized that there are relatively few precedents for foreign consumer finance entrants creating a large, durable U.S. franchise. The addressable opportunity must therefore be assessed from the customer and product level upward, not just by applying market-share assumptions to the industry total.

2. Are U.S. Latinos Nubank's way in?

Jorge Kuri's view

The Latino population gives Nubank a credible entry point into a mature market. Roughly 70 million Latinos live in the U.S., representing about one-fifth of the population, with nearly 60% tracing their roots to Mexico, Brazil, or Colombia, Nubank's three existing markets. Importantly, around 70% live in just five states, allowing Nubank to focus its marketing on communities where its brand and cross-border services may already resonate. Rather than competing for every U.S. customer from day one, Nubank has a natural starting point to build scale while potentially keeping customer acquisition costs relatively low.

The opportunity extends well beyond demographics. Approximately 25 million U.S. households are underserved, including 31% of Hispanic households, compared with just 12% of White households. Many face the same banking frustrations Nubank has addressed in Latin America, including high fees, limited access to credit, and poor service, but with substantially greater purchasing power. Underserved Latino households in the U.S. have estimated annual incomes of approximately $57,000, compared with $18,000 for households in Mexico and $14,000 in Brazil. For a bank built around low servicing costs and expanding customer engagement, this combination of unmet financial needs and higher income levels could translate into substantially greater revenue per active customer than in Latin America.

Jeff Adelson's view

Demographic affinity is only the beginning of the acquisition funnel. The real challenge is persuading consumers with established banking relationships to try Nubank and gradually entrust it with more of their financial activity. Jeff cited U.S. survey data showing that primary checking relationships last an average of 18 years, with convenience and inertia among the main reasons customers stay. However, he also noted that Nubank doesn't necessarily need customers to switch their primary bank immediately. Roughly half of newly opened U.S. checking accounts are additional accounts rather than replacements of existing relationships, creating an opportunity for "soft switching". Upstarts have shown the ability to grow deposit market share quickly when paired with the right value proposition, marketing, and brand excitement. Nubank could initially attract customers through a differentiated offering, then gradually capture a larger share of their deposits, payments, and spending, potentially becoming their primary banking relationship over time.

3. Could free remittances be Nubank's Trojan horse?

Jorge Kuri's view

The strongest differentiator may be a service designed to acquire customers rather than earn fees. More than half of U.S. Latinos have Mexican roots, making the U.S.–Mexico remittances corridor particularly relevant: it is the world's largest bilateral corridor, with approximately $60 billion sent from the U.S. in 2025. Importantly, free remittances are far from the industry standard. According to World Bank data, the average

cost of sending $200 from the U.S. to Mexico was approximately 4.5%, or $9, in 3Q25, including transfer fees and FX margins. For someone regularly sending money home, it adds up. Against that backdrop, Nubank's offer of zero transfer fees and zero FX markup to Mexico, Brazil, and Colombia is highly differentiated, giving consumers a tangible reason to try the app and establish a banking relationship.

Presence on both sides of a transfer could eventually support better unit economics and retention. A customer in the United States and a recipient already using Nubank in Latin America create the possibility of a more integrated money movement experience. Free remittances alone are not a banking business model; their value lies in how efficiently they generate deposits, spending activity, and ultimately appropriately priced credit. The attraction of the strategy is that it seeks a distinctive customer problem rather than paying the highest deposit rate in the market to acquire balances.

Jeff Adelson's view

This is more interesting than another high-yield savings launch. U.S. deposit challengers have demonstrated that competitive rates, marketing, and public relations can attract substantial balances. What makes Nubank's approach different is the opportunity to give a defined population a second reason to engage: utility across borders. Jeff also highlighted the separately announced Nu Global multicurrency proposition as a potentially differentiated part of the broader international strategy. These products should not be conflated: Nu Global initially has a different rollout geography and structure, including stablecoin-linked balances, from the U.S. partner-bank deposit account.

4. Can Nubank win deposits without buying them?

Jorge Kuri's view

High industry profitability and weak incumbent deposit pricing leave room for a customer-friendly challenger. In 2025, Bank of America, JP Morgan, and Wells Fargo paid deposit rates equivalent to just 69%, 65%, and 61% of the Fed funds rate, respectively, while controlling approximately one-third of U.S. retail deposits. This resembles an opportunity Nubank successfully exploited in Latin America. In Mexico, Nubank has paid approximately 130% of the reference rate on deposits, compared with just 40% at incumbent banks. In Brazil, Nubank pays roughly 75%, versus approximately 70% at incumbents, which have increased remuneration from 45% in 2017. Nubank's ability to offer more attractive deposit yields while maintaining a low-cost operating model has been an important driver of customer acquisition. And with the top ten U.S. banks controlling only 54% of retail deposits, Nubank need not directly displace JP Morgan or Bank of America to build a meaningful deposit franchise.

Jeff Adelson's view

Gathering deposits is easier than making those deposits economically useful. SoFi, Goldman's Marcus (and related Apple savings), and Ally are strong examples of DTC bank entrants who early on demonstrated the power of offering attractive yields to generate an initial surge in balances. Chime illustrates a different path built around transactional engagement given the focus on debit interchange economics (via Durbin exemption). But a

deposit is not automatically a primary banking relationship, and balance growth alone says little about long-term profitability. Jeff finds Nubank's pricing notable precisely because it is not maximally aggressive: its U.S. savings offer launched at 3.50% APY, with a path to 4.50% on up to $10,000 in qualifying savings balances, subject to credit card engagement requirements. The cap limits the cost of the incentive, while the activity requirements encourage customers to use multiple products, reinforcing Nubank's focus on building banking relationships rather than simply attracting deposits with the highest available rate.

The absence of an existing U.S. loan book changes the funding calculation. For lenders already replacing expensive wholesale funding, paying up for retail deposits can create an immediately visible financial benefit. Nubank does not yet have the same U.S. lending book to refinance, so paying top-of-market rates could create an expensive liability before the asset side scales. Testing rates, customer activity, and account design before accelerating looks more sensible than maximizing early deposit balances at any cost.

5. Can Nubank crack the U.S. credit card market?

Jorge Kuri's view

The starting offer is intentionally competitive, not a frontal assault on rewards leaders. Nubank launched a no-annual-fee U.S. credit card with 1.50% cash back, increasing to 2.00% under qualifying conditions. That is a sensible acquisition proposition but not a revolutionary one in a market where rewards play a far larger role than in much of Nubank's existing Latin American portfolio. The strategic potential lies in combining cards with savings, remittances, and an app-based relationship, rather than relying on the card alone to create differentiation.

Jeff Adelson's view

For cash-back, 1.5-2.0% has increasingly become table stakes in a saturated rewards market. Several U.S. issuers offer straightforward cash-back cards, while established banks bring travel ecosystems, long-standing servicing relationships and marketing scale that a newcomer cannot reproduce overnight. There are a number of cards that offer 2% as well as 1.5% already without any annual fees or relationship banking requirements. Some others go even higher in exchange for a monthly relationship fee, such as Robinhood's Gold card at 3%. Nubank can refine the product as it learns more about its initial users, particularly given the early targeting of higher-income customers and potentially larger credit lines. The question is whether the card becomes a useful engagement and monetization vehicle, not simply how many accounts are booked.

A credit card strategy must resolve a fundamental economics trade-off. Customers who pay in full can generate purchase activity and interchange revenues but little interest income, while revolvers can be more profitable until funding costs, r
losses consume the spread. A new issuer must calibrate pricing and
using generous rewards or limits to build a book whose risk-adjuste
Finding the right mix while not overextending credit to the wrong cu
early on when starting an unsecured line of credit portfolio from scr
without the stabilizing force of a seasoned back book of paying acco
period of potential macro challenges for the consumer. The optimal



therefore look less aggressive than what Nubank pursued during its earliest years in Brazil.

6. Does Nubank's Latin American cost advantage travel to the U.S.?

Jorge Kuri's view

Nubank's existing cost structure provides a striking competitive advantage. Its efficiency ratio of approximately 28% compares with roughly 52% at JP Morgan and Bank of America, and 63% at Wells Fargo — about half the level of major U.S. incumbents. The advantage remains meaningful when looking at expenses relative to assets: Nubank operates at approximately 3.7%, versus an average of 5.5% for the U.S. incumbent sample. And the gap extends to digital challengers, with Nubank's roughly 4% cost-to-assets ratio comparing with 6% at SoFi and 12% at Klarna, although differences in business models affect comparability. Importantly, Nubank also generates a substantially higher ROE than most digital peers. This structural efficiency has been fundamental to its success in Latin America, allowing it to offer customers better value while generating attractive profitability.

The biggest unknown is lifetime value relative to the cost of acquiring and serving the customer. U.S. consumers can support higher revenue per active customer than customers in Brazil or Mexico, but U.S. acquisition, rewards, regulatory, and servicing expenses may also be substantially higher. Attractive banking-sector excess returns create some cushion, yet it would be a mistake to assume that a 28% Latin American efficiency ratio can be transplanted unchanged. Management's stated intention to limit investment and validate engagement and credit economics before scaling is therefore central to the investment case.

Jeff Adelson's view

Incumbents own assets that do not appear in a simple efficiency ratio comparison. The largest U.S. banks have mature checking relationships, extensive card rewards programs, seasoned receivables, regulatory infrastructure, and entrenched marketing reach. Those advantages can offset a digital challenger's apparent operating cost lead. Jeff also noted that Nubank has already made a visible marketing investment through stadium naming rights, a reminder that entering the market is not necessarily an exclusively organic or low-cost exercise. The U.S. operational footprint and the eventual economics of an independently chartered bank will matter as much as centralized technology.

7. Could U.S. credit losses derail the economics before the franchise matures?

Jeff Adelson's view

The biggest risks are the loss curve on a new unsecured portfolio, as well as undisciplined underwriting. New entrants face a J-curve: losses emerge and season before mature vintages exist to stabilize earnings. The dynamic is largely mechanical, with delinquencies accelerating fastest in months 6-12 and losses peaking around 18-24 months. Incumbents absorb it better, offset by older, seasoned receivables with longer loss histories. Discipline and cycle timing also matter: in the Goldman/Apple Card example,

Apple's large role in underwriting and approvals, plus fast growth into a late cycle, contributed to a higher subprime mix and loss rates than peers. Nubank also lacks the largest U.S. issuers' collections infrastructure. For a young U.S. Nubank book, early delinquency and loss metrics could be volatile and need careful cohort interpretation.

The macro backdrop increases the importance of selectivity. Jeff sees solid recent performance among prime and super-prime U.S. borrowers but is more watchful of consumer affordability and pockets of stress, particularly among lower income/FICO consumers. Reported portfolio performance remains strong across most U.S. banks and card issuers, though this can be partly backward-looking and reflects underwriting choices made months earlier. If Nubank scales cards into a less forgiving credit environment, favorable initial losses (particularly while in the low loss parts of the vintage curves) may not be enough evidence that underwriting is robust. The trade-off between customer growth and the through-cycle profitability of new cohorts needs particular scrutiny.

Jorge Kuri's view

Nubank brings substantial underwriting experience, but the U.S. is a new data and credit environment. Importantly, underserved does not necessarily mean subprime. The opportunity is to identify customers with unmet banking needs but attractive credit profiles, rather than sacrifice underwriting discipline in pursuit of rapid growth. Nubank's Latin American track record in acquiring borrowers, using data to adjust credit exposure, and expanding credit penetration is relevant, but it is no substitute for local credit bureau data, regulatory experience, or seasoned U.S. repayment histories. This reinforces the case for a measured rollout: an early mistake in card underwriting could more than offset the benefits of a low-cost operating model.

8. Who should be worried if Nubank succeeds?

Jeff Adelson's view

Overlap may be more visible with digital challengers and lenders with specific customer niches. Customer mix and lending strategy differ, but SoFi offers a useful comparison: digitally acquired deposits and a mass-affluent, prime target that resembles Nu's stated U.S. segment. Chime (covered by James Faucette) is more focused on lower/mid income U.S. consumers, but has run a similar engagement playbook, albeit with a bit of a lower income customer than Nubank plans to target in the U.S. Cash App (Block, covered by James Faucette) overlaps on younger, peer-to-peer users. Companies in the cross-border analog including Revolut, with a multi-currency global account and its own pending U.S. charter, while Nu's remittance offering may overlap with incumbents such as Wise, Remitly, Western Union, or MoneyGram.

Competitive threat to largest banks much harder to detect, but could still offer a nice source of customer acquisition. Large banks retain extensive primary-account relationships, seasoned credit books, large bank networks, sizable marketing and tech budgets, and formidable distribution and rewards infrastructure. Even where challengers claim to take deposit share, the impact can be hard to identify in the aggregate deposit data of the biggest franchises. Nonetheless, upstarts have been able to gain meaningful traction in growing deposits by offering a higher rate than the incumbents, leveraging a lower cost, direct to consumer and digital model.

Jorge Kuri's view

The more immediate disruption may be to a customer journey, not to a particular listed bank. Nubank could begin by taking a remittance transaction, then win a savings balance, then capture spending and perhaps credit activity. Different competitors are vulnerable at different stages: specialist remittance providers at the first transaction, digital banks on savings and engagement, and lenders only if Nubank demonstrates compelling underwriting and pricing. Western Union, Intermex, Remitly, Wise, and certain payment apps are potential reference points for remittance product overlap, not conclusions about their share-price or earnings sensitivity.

9. What would prove, by 2027, that the U.S. experiment is working?

Jorge Kuri's view

The U.S. represents incremental optionality, not a prerequisite for our Nubank thesis. Our above-consensus earnings outlook and valuation are driven by the existing businesses in Brazil, Mexico, and Colombia, with no meaningful U.S. contribution included in our forecasts. Management views late 2027 as a key decision point for potentially accelerating the expansion, after accumulating roughly 12–18 months of local credit performance data. Until then, the priority is to demonstrate that Nubank can acquire and engage customers economically, while developing the credit capabilities needed to scale profitably. Importantly, management expects the initial U.S. investment to have an impact of roughly 100 bp on Nubank's efficiency ratio, allowing the company to experiment without materially compromising the profitability of its core franchise.

By late 2027, the key question is not how many U.S. customers Nubank has acquired, but whether it is building a business worth scaling. That means demonstrating the ability to acquire customers efficiently, deepen engagement and establish a credible path to attractive risk-adjusted returns, supported by encouraging early credit performance. Importantly, this must be achieved within a disciplined investment framework that protects the profitability of Nubank's core Latin American franchise. If successful, the U.S. opportunity could begin transitioning from long-term optionality into a more tangible source of shareholder value.

Jeff Adelson's view

Early account growth is necessary but the follow through matters too. The experience of U.S. digital banks suggests that initial deposits may grow quickly if the proposition is priced competitively. What matters next is what customers actually do with those accounts: whether they make repeated transfers, route paychecks, use cards, maintain balances, and gradually increase their share of financial activity. The additional uncertainty lies in the evolution from a partner-bank operating model to an independently chartered entity, and in the credit results of any growing unsecured portfolio. Jeff expects further product experimentation rather than a fully formed franchise on day one.

Financial Model

Exhibit 1: Nu Holdings — Consolidated Income Statement.

US$ Millions	2023	2024	2025	2026e	2027e	2028e
Interest Income	6,440	9,631	13,435	19,367	25,459	31,719
Fee and commission income	1,589	1,886	2,340	3,168	4,132	5,138
Total Revenue	**8,029**	**11,517**	**15,775**	**22,535**	**29,591**	**36,857**
Transaction Expenses	216	260	366	556	716	883
Loan-Loss Provisions	2,285	3,169	4,205	6,644	9,031	11,188
Interest and Other Financial Expenses	2,037	2,835	4,579	5,992	6,637	7,479
Total Costs of Services	**4,538**	**6,264**	**9,150**	**13,192**	**16,384**	**19,551**
Gross Profit	**3,491**	**5,253**	**6,625**	**9,343**	**13,208**	**17,306**
Customer Support and Operations	488	605	652	892	1,157	1,435
Marketing Expenses	171	246	303	428	570	701
General and Administrative Expenses	753	848	1,061	1,928	2,248	2,608
Share-based Compensation	289	408	359	464	627	773
Other Operating Income/(Expense)	(250)	(351)	(378)	(684)	(883)	(1,103)
Operating Expenses	**1,952**	**2,458**	**2,753**	**4,395**	**5,485**	**6,621**
Other Income/(Expense)	-	-	(4)	(15)	(19)	(20)
Income Before Income Taxes	**1,539**	**2,795**	**3,868**	**4,933**	**7,703**	**10,665**
Income Taxes	509	823	997	666	1,198	1,840
Non-controlling interests	-	-	3	2	4	4
Net Income	**1,031**	**1,972**	**2,869**	**4,265**	**6,502**	**8,822**
Full Diluted Shares Outstanding (mm)	4,989	4,990	4,982	4,992	4,992	4,992
EPS (US$)	**0.21**	**0.39**	**0.57**	**0.85**	**1.30**	**1.77**
Profitability						
Gross Margin	43%	46%	42%	41%	45%	47%
Efficiency Ratio	36%	31%	28%	30%	27%	26%
Operating Margin	19%	24%	25%	22%	26%	29%
Net Margin	13%	17%	18%	19%	22%	24%
ROA	3%	4%	5%	5%	6%	6%
ROE	18%	28%	30%	32%	35%	33%

Source: Company Data, Morgan Stanley Research Estimates (e).

Exhibit 2: Nu Holdings — Consolidated Balance Sheet.

US$ Millions	2023	2024	2025	2026e	2027e	2028e
Assets						
Cash and cash equivalents	5,923	9,186	15,004	15,428	17,994	23,315
Securities	16,748	18,283	25,977	31,845	40,298	49,023
Credit card receivables, net	12,414	12,259	18,268	25,787	33,768	39,776
Loans to customers, net	3,202	5,322	9,421	13,033	19,316	29,835
Deferred tax assets	1,538	1,818	2,511	3,719	5,050	6,547
PP&E + Intangible Assets	335	373	629	931	1,266	1,722
Miscelaneous assets & collateral	1,364	1,198	1,934	2,718	3,179	3,719
Other financial assets at amortized cost	1,821	1,492	1,149	1,427	1,943	2,388
Total Assets	**43,345**	**49,931**	**74,894**	**94,887**	**122,814**	**156,325**
Liabilities						
Deposits	23,691	28,855	41,925	51,988	64,853	78,613
Payables to credit card network	9,755	9,334	13,634	17,886	23,272	27,220
Borrowings and financing	1,136	1,730	4,398	5,360	8,284	14,999
Other liabilities	2,356	2,365	3,615	4,069	4,318	4,583
Total Liabilities	**36,939**	**42,284**	**63,572**	**79,303**	**100,727**	**125,415**
Shareholders' Equity	**6,406**	**7,646**	**11,291**	**15,582**	**22,084**	**30,905**
Equity attributable to non-controlling interests	-	1	31	2	3	5
Total Liabilities and Equity	**43,345**	**49,931**	**74,894**	**94,887**	**122,814**	**156,325**

Source: Company Data, Morgan Stanley Research Estimates (e).

Exhibit 3: Nu Holdings — Key Ratios.

US$ Millions	2023	2024	2025	2026e	2027e	2028e
Summary Financials						
Total Clients (MM)	93.9	114.3	131.0	146.2	160.0	173.6
Active Clients (MM)	78.0	94.9	109.3	121.9	133.3	143.7
Net Revenue	8,029	11,517	15,775	22,535	29,591	36,857
Interest Income	6,440	9,631	13,435	19,367	25,459	31,719
Fee and commission	1,589	1,886	2,340	3,168	4,132	5,138
Gross Profit	3,491	5,253	6,625	9,343	13,208	17,306
Operating Expenses	1,952	2,458	2,753	4,395	5,485	6,621
Net Income	1,031	1,972	2,869	4,265	6,502	8,822
EPS (US$)	0.21	0.39	0.57	0.85	1.30	1.77
Total Loans, net	15,616	17,581	27,689	38,820	53,084	69,611
Card Receivables	12,414	12,259	18,268	25,787	33,768	39,776
Loans to Customers	3,202	5,322	9,421	13,033	19,316	29,835
Deposits	23,691	28,855	41,925	51,988	64,853	78,613
Shareholders Equity	6,406	7,646	11,291	15,582	22,084	30,905
Growth Rates						
Total Clients (MM)	26%	22%	15%	12%	9%	8%
Active Clients (MM)	27%	22%	15%	12%	9%	8%
Net Revenue	68%	43%	37%	43%	31%	25%
Interest Income	81%	50%	39%	44%	31%	25%
Fee and commission	28%	19%	24%	35%	30%	24%
Gross Profit	110%	50%	26%	41%	41%	31%
Operating Expenses	21%	26%	12%	60%	25%	21%
Net Income	NM	91%	45%	49%	52%	36%
EPS (US$)	NM	91%	46%	48%	53%	36%
Total Loans	58%	13%	57%	40%	37%	31%
Card Receivables	51%	-1%	49%	41%	31%	18%
Loans to Customers	91%	66%	77%	38%	48%	54%
Deposits	50%	22%	45%	24%	25%	21%
Shareholders Equity	31%	19%	48%	38%	42%	40%
Profit Margins & Key Ratios						
Gross Margin	43%	46%	42%	41%	45%	47%
Efficiency Ratio	36%	31%	28%	30%	27%	26%
Operating Margin	19%	24%	25%	22%	26%	29%
LLP/Avg Loans	16%	16%	16%	17%	17%	16%
Net Margin	13%	17%	18%	19%	22%	24%
ROA	3%	4%	5%	5%	6%	6%
ROE	18%	28%	30%	32%	35%	33%
ARPAC - Yearly (US$)	116	133	154	195	232	266
ARPAC - Monthly (US$)	9.6	11.0	12.9	16.2	19.3	22.2
Cost to Serve - Yearly (US$)	10.2	10.0	10.0	12.5	14.7	16.7
Cost to Serve - Monthly (US$)	0.8	0.8	0.8	1.0	1.2	1.4
Effective Tax Rate	33%	29%	26%	13%	16%	17%
Revenue By Country	**8,029**	**11,517**	**15,775**	**22,535**	**29,591**	**36,857**
Brazil	7,480	10,436	13,859	19,630	24,593	29,237
Mexico	414	812	1,168	1,587	2,916	4,801
Colombia	80	137	257	439	971	1,493
Other / Holding	55	133	491	879	1,112	1,326
Revenue Contribution						
Brazil	93%	91%	88%	87%	83%	79%
Mexico	5%	7%	7%	7%	10%	13%
Colombia	1%	1%	2%	2%	3%	4%
Other / Holding	1%	1%	3%	4%	4%	4%

Source: Company Data, Morgan Stanley Research Estimates (e).

Valuation Methodology and Risks

Nu Holdings Ltd. (NU.N)

Our valuation work and price targets are based on residual income analysis. In our residual income model, the value of the firm is mainly a function of the magnitude of the spread between return on equity and cost of equity (performance spread) and the time period in which management can generate returns in excess of the cost of equity (economic growth horizon). Our valuation model uses a discount rate of 14.2% and long-term ROE of 28%.

Risks to Upside

- Increasing penetration of financial products in LatAm
- Successful geographical expansion
- New products added to the platform
- Improving cross-sell initiatives
- M&A

Risks to Downside

- Asset quality deterioration
- Regulatory headwinds
- Tougher competition could impact margins
- Execution risk of international expansion
- Potential conflicts of interest between controlling and minority holders

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(as of September 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 1/3/22 : O/NR

Price Target History: 1/3/22 : 16; 5/24/22 : 14; 8/17/22 : 12.5; 11/16/22 : 10.75; 3/3/23 : 10; 5/1/23 : 11; 10/18/23 : 16; 8/20/24 : 18; 3/1/26 : 21

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/21/2026)
Jorge Echevarria		

BB Seguridade Participacoes S.A. (BBSE3.SA)	U (07/26/2026)	R$42.46
Caixa Seguridade Participacoes S.A. (CXSE3.SA)	U (07/26/2026)	R$21.38
Porto Seguro (PSSA3.SA)	E (07/26/2026)	R$51.73
Jorge Kuri		
AGI Inc (AGBK.N)	O (03/08/2026)	US$7.34
B3 SA BRASIL BOLSA BALCAO (B3SA3.SA)	O (05/12/2025)	R$23.51
Banco Bradesco (BBD.N)	O (08/07/2019)	US$4.05
Banco BTG Pactual SA (BPAC11.SA)	O (03/28/2017)	R$80.56
Banco do Brasil (BBAS3.SA)	O (03/07/2018)	R$24.10
Banco Santander Brasil (BSBR.N)	O (08/07/2019)	US$5.67
Inter & Co Inc. (INTR.O)	U (06/13/2018)	US$7.07
Itau Unibanco Holding S.A. (ITUB.N)	O (06/17/2024)	US$9.70
Nu Holdings Ltd. (NU.N)	O (01/03/2022)	US$15.05
PagSeguro Digital (PAGS.N)	U (09/04/2024)	US$11.44
StoneCo Ltd. (STNE.O)	U (01/18/2026)	US$11.55
XP Inc (XP.O)	O (05/12/2025)	US$30.42

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