

Nu Holdings Ltd.

(NYSE: NU)

EQUITY RESEARCH REPORT

Report Date: November 20, 2025

Rating: BUY

Target Price: \$17.00

Current Price: \$15.32

Upside Potential: 11.0%

Market Cap: \$74.2B

EXECUTIVE SUMMARY

Nu Holdings (Nubank) is a digital-first, Latin America-focused neobank offering credit cards, deposits, payments, lending, and insurance, with Brazil as its core market. At ~\$15.33 per share and a ~\$75.9B market cap, the stock is up ~44% YTD and ~14% over the last year. NU combines very high growth with solid profitability and trades at a low headline P/E (~6.2x) versus both global banks and fintech peers.

Investment Highlights:

- Market leadership in digital banking across Latin America
- Strong customer acquisition and retention metrics
- Improving profitability trajectory with path to sustainable margins
- Significant addressable market opportunity
- Robust technology platform and data analytics capabilities

COMPANY OVERVIEW

Business Model

Nu Holdings operates a digital-first financial services platform that offers digital banking, credit products, investment products, insurance, and a marketplace for third-party financial services.

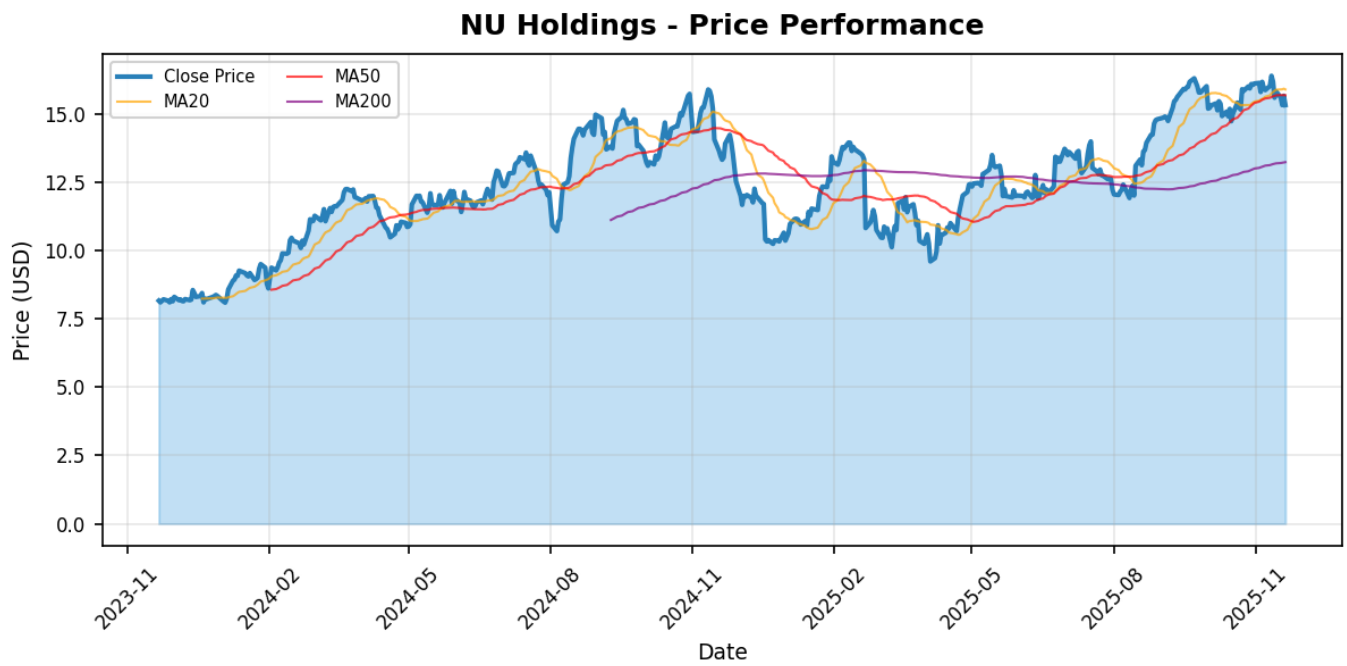
Market Position

- Brazil: Market leader with ~90 million customers
- Mexico: Rapidly expanding presence
- Colombia: Early-stage market entry
- Total Customers: Over 100 million across all markets

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FINANCIAL ANALYSIS

Price Performance Chart



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FINANCIAL ANALYSIS (continued)

Key Financial Metrics (Trailing 12 Months)

Metric	Value	Trend
Revenue	\$7.3B	Up 603% YoY
Operating Income	\$1.53B	N/A
Net Income	\$801M	Up 414% YoY
Operating Margin	21%	Strong
Net Margin	11%	Profitable
ROE	8%	Expanding
P/E Ratio	6.2x	Low vs peers
Market Cap	\$74.2B	Current

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VALUATION ANALYSIS

Price Target: \$17.00

Street consensus is 'Buy' with an average target of \$17 (roughly +11% upside from current levels). NU trades at P/E ~6.2x, which is discounted versus both traditional US banks (13-18x) and fintech peers (SOFI: 55.6x, AFRM: 90.5x, PYPL: 15.2x). Given NU's growth profile and profitability, the current multiple looks undemanding, though part of the discount reflects emerging-market risk.

Valuation vs Peers:

Company	P/E Ratio	Rating
NU Holdings	6.2x	Buy
JPM / BAC / WFC	13-18x	Mixed
SOFI	55.6x	Hold
AFRM	90.5x	N/A
PYPL	15.2x	Buy

Earnings Momentum:

Quarter	EPS Actual	EPS Est.	Surprise	Revenue
2025-11-13	0.1595	0.16	-0.3%	\$4.17B
2025-08-14	0.14	0.1333	+5.0%	\$3.54B
2025-05-13	0.1139	0.12	-5.1%	\$3.25B
2024-11-13	0.12	0.11	+9.1%	\$2.86B

INVESTMENT RECOMMENDATION

RATING: BUY

Target Price: \$17.00

Current Price: \$15.32

Upside Potential: 11.0%

YTD Performance: +44%

1-Year Performance: +14%

52-Week Range: \$9.01 - \$16.55

Investment Rationale:

1. Rare combination: high growth, real profitability, and low P/E (~6.2x) vs peers
2. Already profitable with double-digit net margins (11%), unusual for high-growth fintech
3. Revenue and earnings scaling rapidly as it cross-sells multiple products per customer
4. ROE at ~8% has room to expand as operating leverage improves
5. Street consensus is broadly constructive (Buy rating, ~11% implied upside)
6. Capital-light, deposit-funded model with debt-to-equity of 0.0

Technical Analysis:

- RSI(14): ~40 - mild pullback, not oversold but below neutral
- Price is below 20-day SMA (~\$15.89) and 50-day SMA (~\$15.68) but well above 200-day SMA (~\$13.23)
- Strong longer-term uptrend undergoing normal consolidation after new highs
- Short interest: ~119M shares, days to cover ~4 - elevated but not extreme

RISK FACTORS

Key Risks:

1. Macro & FX: Heavy exposure to Brazil and LatAm; earnings sensitive to local rates, inflation, and FX swings vs USD
2. Credit Risk: Rapid loan growth plus evolving credit models can create volatility in provisions and NPLs
3. Regulation: Banking and fintech regulation in Brazil/Mexico/Colombia can impact capital requirements, pricing, and new products
4. Competition: Incumbent banks (ITUB, BBD, SAN) and other digital players aggressively defending share
5. Technology: Dependence on technology infrastructure and cybersecurity
6. Emerging Market Risk: Part of valuation discount reflects emerging-market and regulatory risk

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DISCLAIMERS

This report is for informational purposes only and should not be considered as investment advice. Investing in securities involves risk of loss. Past performance is not indicative of future results. Investors should conduct their own research and consult with a financial advisor before making investment decisions.