

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

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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

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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.

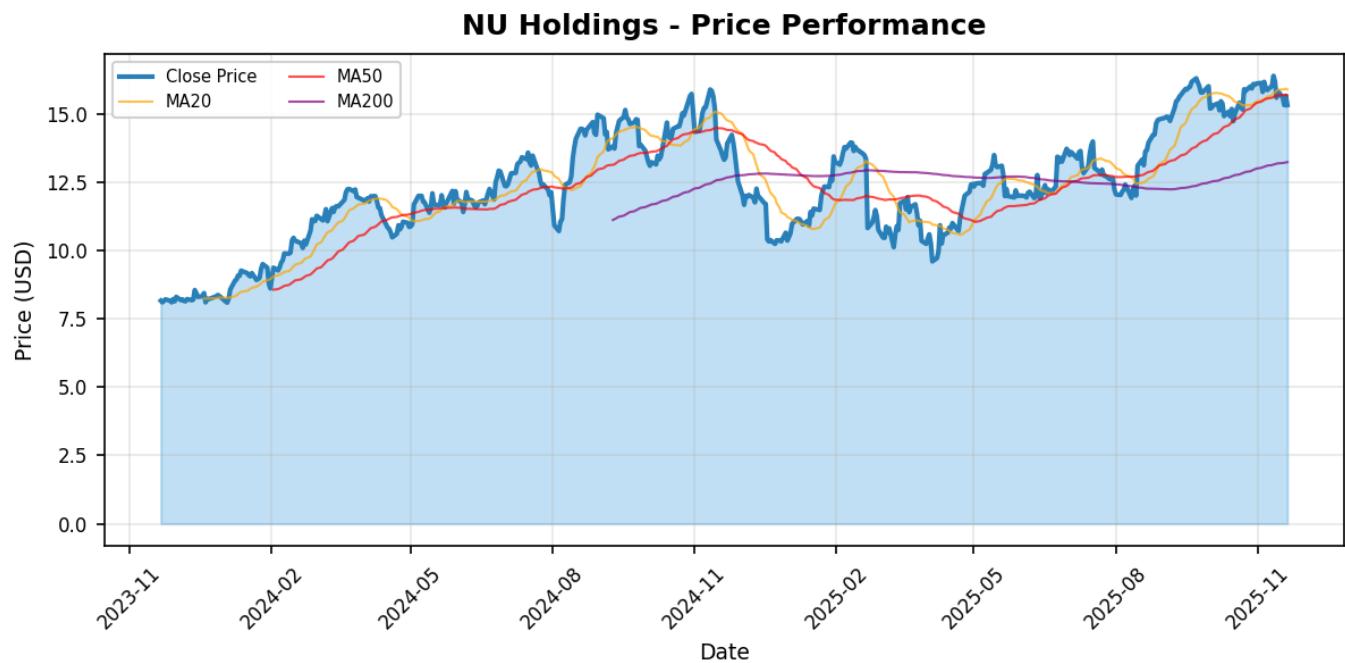
Market Position

- 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

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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

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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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