

Beyond Borders: Financial Theory and Strategic Implications of Cross-Border IPO Listings

Introduction: What to Consider Before Initial Public Offering (IPO)?

The transition from private to public ownership represents a pivotal moment in a company's lifecycle, requiring careful evaluation of costs and benefits. An IPO provides access to broader capital markets, enhanced liquidity, and increased brand visibility, but also introduces regulatory scrutiny, public disclosure obligations, and potential dilution of founder control (as mentioned in Background Note #11). Firms must assess whether these trade-offs align with their strategic objectives and if they are prepared for the heightened transparency and scrutiny that public markets demand.

In this context, preparing for an IPO requires substantial corporate governance and financial restructuring. Firms typically implement independent boards, shareholder-aligned executive compensation structures, and strengthen internal financial reporting controls to comply with regulatory requirements — such as SEC regulations in the U.S. and CVM in Brazil. Additionally, firms must adapt to new investor relations dynamics, becoming accountable to diverse shareholders with varying priorities and investment horizons.

Beyond governance and regulatory compliance, firms must also refine their strategic and operational positioning to maximize IPO success. This includes optimizing their capital structure, determining the right timing for market entry, and demonstrating a clear path to long-term profitability. A well-planned investor outreach strategy, strong financial performance, and a compelling growth narrative are essential to attract institutional investors and achieve favorable valuation outcomes (Background Note #16). Given these benefits in a single-listing, why would firms list in multiple markets at the same time?

Decision: To List in Multiple Markets or Not?

The decision to go public on multiple stock exchanges simultaneously is a strategic choice that offers important benefits to firms. A dual listing allows companies to tap into diverse investor pools, including institutional investors, retail investors, and strategic partners, which can lead to higher liquidity and better price discovery for their shares. Additionally, it enhances a company's global brand recognition, as it becomes more visible to a wider audience of investors, analysts, and media, beyond enabling potential tax advantages, improving capital-raising opportunities, and serving as a hedge against currency risks,

Specifically, listing on more sophisticated markets can result in higher valuation multiples compared to smaller/local emerging markets ([Exhibit 1](#)), as these venues often apply higher multiples due to their size and investor sophistication, positively impacting the company's overall valuation (Background Note #2). And by seeking capital in multiple markets, companies can potentially lower their weighted average cost of capital (WACC). This is achieved by diversifying funding sources and accessing better interest rates or terms in different markets. However, these benefits must be weighed against increased compliance costs and complexity of maintaining multiple listings, which could partially offset the capital cost advantages.

A dual listing can also serve as a tool for risk diversification and mitigation, allowing companies to benefit from different regulatory environments. By listing in both a developed and an emerging market, companies gain exposure to distinct regulatory frameworks, which may offer advantages such as increased flexibility, stronger investor protections, or access to different capital-raising opportunities. This helps spread market-specific risks — if one exchange faces economic downturns, liquidity constraints, or

regulatory shifts, the other can act as a stabilizing force, ensuring financial resilience.

Finally, dual-listing can significantly impact corporate governance as firms must balance the benefits of broader capital access and potential dilution of control as more shareholders enter the picture. Meeting the governance standards of multiple exchanges can strengthen corporate governance, enhancing credibility and trust among investors as the company demonstrates its ability to comply with stringent regulatory requirements. This often translates into tangible financial benefits, including lower risk premiums, improved access to debt markets, and potentially higher valuation multiples.

Nevertheless, cross-border listings entail significant challenges that can erode expected benefits if not properly managed. Regulatory compliance creates substantial operational complexity, as companies must simultaneously satisfy divergent requirements — such as the SEC's quarterly reporting, Sarbanes-Oxley attestations in the U.S., and Brazil's CVM disclosure standards — with the average cost of compliance roving around 4.3% of market capitalization.¹ These costs have been rising in public markets, with a 71% growth in the last 5 years (**Exhibit 2**). Another consideration is currency risk, particularly for emerging market issuers facing historical volatility. The Brazilian real, for example, presented an annual volatility of 19.42% during the pandemic², potentially distorting performance metrics and investor returns across markets. Beyond these financial challenges, perhaps the most complex balancing act involves corporate governance, as companies must reconcile potentially conflicting standards regarding board independence, committee structures, and executive compensation while creating a governance framework that satisfies institutional investor expectations in developed markets yet remains operationally feasible within the home market's environment and controlling shareholder dynamics.

MM Violation Considerations

The Modigliani-Miller (MM) theorem assumes idealized conditions including perfect capital markets, zero transaction costs, tax neutrality, symmetric information, and no bankruptcy costs. In stark contrast, cross-listing introduces significant market frictions through substantial compliance expenditures, legal advisory fees, duplicate underwriting commissions, and ongoing disclosure requirements across jurisdictions. Furthermore, the complex interplay between disparate international tax regimes creates complications for capital structure decisions, as withholding taxes, dividend treatment, and interest deductibility vary significantly between markets, contradicting MM's frictionless assumptions.

Bridging the Asymmetry Gap: The Role of Dual Listings in IPO Valuation

MM theory assumes that all market participants have equal access to information. However, in reality, a firm's management typically possesses more knowledge about growth prospects than outside investors. Going public helps address this information asymmetry by requiring detailed disclosures, which can unlock value by allowing the market to better understand a firm's business model and growth potential.

A dual-listing approach is particularly effective at addressing information asymmetry as it provides a more comprehensive picture of a firm's operations to different investor bases. While MM assumes perfect and symmetric information, information asymmetry plays a crucial role in IPO pricing. In reality, investors in different markets interpret financial disclosures and risk factors differently, leading to potential valuation discrepancies across exchanges.

Listings on highly regulated markets like the U.S. often command a "transparency premium" due to rigorous SEC oversight.³ Conversely, IPOs on light-regulation markets frequently face skepticism from sophisticated investors concerned about weaker protections. This raises critical strategic questions: whether strong investor protection regimes consistently yield higher multiples for otherwise identical

¹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3740722

² <https://www.bcb.gov.br/content/ri/inflationreport/202103/ri202103b8i.pdf>

³ <https://www.sec.gov/Archives/edgar/data/1114446/000095012302002509/y58380e20-fpdf.pdf>

firms, and how significantly markets discount equity listed in markets with lighter disclosure frameworks.

To counteract negative signaling effects from information asymmetry, firms increasingly issue convertible debt pre-IPO, rather than immediately issuing equity. This allows companies to defer equity dilution until meaningful price discovery, reducing volatility and ownership dilution risk, as noted in Background Note #16. The strategic sequencing of financing instruments demonstrates how firms can navigate information asymmetry challenges while optimizing their capital raising approach across multiple markets.

Reducing Transaction Costs and Market Frictions

MM assumes that firms can raise capital without friction, but in reality, accessing capital in emerging markets can be costly and complex.⁴ In this context, a dual-listing provides access to deeper, more liquid capital markets with lower transaction costs.

Listing in multiple international markets can enhance liquidity, expand investor access, and improve valuations, but it also introduces market frictions that demand strategic management. *Liquidity fragmentation* frequently creates problematic price disparities, expanded bid-ask spreads, and arbitrage inefficiencies, particularly when trading volumes concentrate disproportionately in dominant exchanges.⁵ Cross-border settlement systems impose additional costs, including custody fees, currency conversion expenses, and administrative burdens. Regulatory divergence amplifies these challenges, requiring firms to navigate varying standards across financial disclosure, corporate governance, and tax regimes. Differences in capital gains treatment, dividend withholding taxes, and foreign ownership restrictions can deter investor participation, while currency volatility may introduce additional risks for issuers and investors. Companies must conduct rigorous cost-benefit analyses when structuring their global market presence.

Leveraging Tax Arbitrage

Dual-listings introduce complexities that can affect a firm's effective tax rate and capital structure. While MM assumes no taxes, firms seek to leverage tax arbitrage by listing in markets with favorable corporate tax rates, capital gains treatments, and dividend policies. For instance, a company listed in both the U.S. (high corporate tax rate) and Hong Kong (lower tax rate) can potentially defer taxation on foreign earnings or structure intercompany transactions to optimize tax efficiency. Therefore, although MM assumes that financing choices do not affect firm value, tax advantages of debt such as interest expense deductibility make leverage attractive in high-tax markets. In a dual-listing, firms must consider how the cost of debt financing varies by market, potentially changing WACC. Additionally, some countries impose withholding taxes on dividends for foreign investors, influencing payout policy and investor preferences.

Financial Distress and Bankruptcy Considerations

MM assumes bankruptcy costs, yet especially for firms navigating conflicting insolvency regimes with divergent creditor protections (Background Note #7), financial distress represents substantial expenses. Cross-listed companies face higher restructuring costs and longer proceedings than single-jurisdiction cases, due to increased complexities in navigating different legal systems and regulatory frameworks. Beyond direct costs, legal inconsistencies between markets can trigger cross-default provisions, accelerating obligations across jurisdictions. Nevertheless, dual listings provide strategic advantages in distress through access to specialized distressed debt investors, with cross-listed firms securing financing at 50 basis points below regional-only peers.⁶ This market optionality creates a valuable "financial flexibility premium" by enhancing capital access through equity issuance capabilities and reducing debt dependence. Companies must therefore balance these resilience benefits against the governance complexities and compliance costs of maintaining multiple market presences, maximizing crisis management while minimizing cross-jurisdictional conflicts.

⁴ <https://www.investopedia.com/articles/basics/11/risks-investing-in-emerging-markets.asp>

⁵ <https://www.iosco.org/library/pubdocs/pdf/ioscopd124.pdf>

⁶ https://www.ecgi.global/sites/default/files/working_papers/documents/SSRN-id1426586.pdf

Exhibit 1: Global Market Capitalization Distribution Across Major Exchanges (Oct 2022). This table illustrates the significant size disparity between U.S. exchanges and their global counterparts, highlighting a key strategic consideration in Nubank's dual-listing decision. With the NYSE (\$22.8T) and NASDAQ (\$16.2T) collectively representing nearly 4x the market cap of the next eight largest exchanges combined, Nubank's NYSE listing provided access to substantially deeper liquidity pools and greater institutional investor exposure. Notably absent from this top-10 ranking is Brazil's B3 exchange, underscoring the strategic rationale for Nubank's complementary local listing to maintain regional market relevance while accessing global capital through the NYSE, a pioneering approach for Latin American fintech companies. Source: [Visual Capitalist](#).

Rank	Exchange	Market Cap (Oct '22)	Location	Approx. # of companies
#1	NYSE	\$22.8T	United States 🇺🇸	2,400
#2	NASDAQ	\$16.2T	United States 🇺🇸	3,700
#3	Shanghai Stock Exchange	\$6.7T	China 🇨🇳	1,600
#4	EuroNext	\$6.1T	Europe 🇪🇺	800
#5	Japan Exchange Group	\$5.4T	Japan 🇯🇵	3,800
#6	Shenzhen Stock Exchange	\$4.7T	China 🇨🇳	2,800
#7	Hong Kong Stock Exchange	\$4.6T	Hong Kong SAR 🇭🇰	2,600
#8	National Stock Exchange of India	\$3.3T	India 🇮🇳	2,100
#9	London Stock Exchange	\$3.1T	UK 🇬🇧	1,900
#10	Toronto Stock Exchange	\$2.7T	Canada 🇨🇦	1,500

Exhibit 2: Rising Global Regulatory Compliance Burden (2015-2022). This chart illustrates the substantial increase in regulatory costs across all major markets, with total regulatory requirements nearly doubling from approximately 18,000 in 2015 to over 33,000 by 2022. For cross-border listed companies like Nubank, this trend represents a significant operational challenge, as compliance costs have grown by 71% over this period. The accelerating regulatory burden is particularly pronounced in Europe, Asia Pacific, and North America—the regions with the deepest capital markets—highlighting a key consideration in Nubank's dual-listing strategy: while NYSE listing provided access to greater capital, it also necessitated navigating increasingly complex and costly compliance requirements across multiple jurisdictions. Source: [Compliance and Risks](#).



The Power of Two Markets: How Nubank's Dual-Listing IPO Redefined Emerging Market Fintech Financing

“If you fast-forward five, ten years from now, I believe every company will be a fintech company.” — David Vélez, Founder and CEO of Nubank

In December 2021, Nu Holdings Ltd. (Nubank), Latin America's largest digital bank, completed a historic initial public offering by simultaneously listing on both the New York Stock Exchange (NYSE) and Brazil's B3 stock exchange. This dual-listing raised approximately \$2.6B, valuing Nubank at \$41.5B and making it one of the most valuable financial institutions in Latin America despite being just 8 years old.⁷

Founded in 2013 by Colombian entrepreneur David Vélez, Brazilian Cristina Junqueira, and American Edward Wible, Nubank set out to disrupt Brazil's highly concentrated banking sector, where the top five banks controlled over 80% of assets.⁸ The founders identified an opportunity in Brazil's notoriously expensive and bureaucratic banking system, where customers faced high fees, poor service, and limited access to credit. Nubank's initial product was a no-fee credit card managed entirely through a mobile app, eliminating paperwork and branch visits. The company gradually expanded to offer digital accounts, personal loans, insurance, and investment products. By 2021, it had amassed over 48 million customers with particularly strong traction among previously underbanked populations (**Exhibit 1**).

The fintech's rapid growth attracted prominent investors including Sequoia Capital, Tiger Global, and most notably, Berkshire Hathaway, which invested \$500M just months before the IPO.⁹ Despite its massive customer base and \$1.3B in revenue for the first nine months of 2021, Nubank was still not consistently profitable, posting a loss of \$99.1M for that period.

In the tense boardroom of Nubank's São Paulo headquarters in mid-2021, the co-founders and CFO Guilherme Lago found themselves at a crossroads that would define the future of Latin America's most valuable fintech. With IPO advisors from Morgan Stanley and Goldman Sachs presenting conflicting recommendations, the leadership team debated what many considered impossible: simultaneously listing on two exchanges separated by not just geography but vastly different market dynamics. As Lago later reflected, ***“We thought the time was right for us to do the IPO. Not only was the company ready to access the public markets, but the markets were receptive to our story.”***

Against strong recommendations of several investment bankers who advocated for a NYSE-only listing to maximize valuation, Vélez championed a pioneering dual-listing approach. With backing from Berkshire Hathaway's Todd Combs (who had joined Nubank's board after Warren Buffett's \$500 million investment) and Sequoia Capital's Roelof Botha, Nubank made the unprecedented decision to pursue simultaneous offerings on the NYSE and Brazil's B3. This bold move would not only test investor appetite across dramatically different markets but would set a precedent for future Latin American technology companies – and potentially forever change how emerging market tech companies approached public markets.

Comparing the NYSE and Brazil's B3: Strategic Considerations

Why the NYSE? Access to Capital and Global Prestige

The New York Stock Exchange (NYSE) offered Nubank several compelling advantages. First, it provided access to the world's deepest pool of capital, with higher liquidity and trading volumes than any LatAm

⁷ <https://www.ft.com/content/fe417c39-ce2f-4d6e-ab30-20fdb0a4a4c>

⁸ <https://www.omfif.org/2023/01/brazil-is-undergoing-a-fintech-revolution/>

⁹ <https://www.pymnts.com/news/partnerships-acquisitions/2021/brazils-nubank-buys-instant-payments-platform-spin-pay/>

exchange. Second, listing on NYSE would position Nubank alongside global technology and fintech peers like Square (now Block) and Affirm, potentially commanding higher valuation multiples than traditional banks. Third, U.S. markets had demonstrated a strong appetite for fintech, with companies like Robinhood and Coinbase completing successful IPOs in 2021. This meant that U.S. investors were generally more comfortable with Nubank's growth-over-profits strategy and familiar with valuing technology companies based on metrics like customer acquisition costs and lifetime value. Lastly, a NYSE listing would also increase international visibility and prestige, potentially accelerating its expansion in Latin America.

Why Brazil's B3? Local Market, Brand Strength, and Inclusion

Despite the allure of NYSE, Brazil's B3 exchange offered important benefits for Nubank. As the company's largest market by far, a local listing would allow Brazilian retail investors and customers to participate in Nubank's growth story. This aligned with the company's mission of financial inclusion and democratizing access to financial services. A B3 listing would also strengthen Nubank's brand identity as a LatAm champion and potentially provide regulatory advantages in its home market. Additionally, local institutional investors familiar with Brazil's financial landscape might better appreciate Nubank's competitive positioning against incumbent banks.

Navigating Macroeconomic Challenges: Brazil's Economic Landscape

Nubank's IPO came during a challenging macroeconomic period for Brazil. The country was experiencing elevated inflation at 10%¹⁰, rising interest rates (the Selic went from 2% to 9.25% in 2021¹¹), and sluggish economic growth following the COVID-19 pandemic (Exhibits 2 and 3). The political environment increased market uncertainty with presidential elections approaching in 2022.

These conditions created a complex backdrop for Nubank's IPO. Rising interest rates globally were causing investors to reassess high-growth technology valuations. For Nubank specifically, higher interest rates could pressure net interest margins and increase default risk in its loan portfolio. The Brazilian Real had depreciated significantly against the U.S. Dollar in preceding years, creating additional complexity for international investors evaluating Nubank's Brazil-centric business. In addition, Brazil's capital markets had historically suffered from lower liquidity for growth stocks and lower trading volumes.

Despite these challenges, the global fintech sector was experiencing strong momentum, with digital banking adoption accelerating during the pandemic. Nubank's ability to continue acquiring customers at a low cost while expanding its product portfolio positioned it well to capitalize on the ongoing digitization of financial services in Latin America, where a large portion of the population remained underbanked.

NuBank's Strategic Value Creation through Dual-Listing

Nubank's listing decision highlights how violations of Modigliani-Miller (MM) assumptions create value through financial structuring. While MM posits that capital structure is irrelevant, market imperfections made Nubank's choice strategic. By pursuing a dual-listing strategy in Brazil and the U.S., Nubank mitigated asymmetric information by meeting disclosure requirements across jurisdictions. This provided transparency to both American and Brazilian investors, broadening its investor base and reinforcing confidence in its growth potential. Additionally, the dual-listing granted access to deeper capital markets, enhancing liquidity and reducing transaction costs — factors that MM assumes do not exist.

Beyond market access, tax optimization also played a role. Tax structuring can significantly impact firm value in the real, non-MM world. By incorporating Nu Holdings Ltd. in the Cayman Islands, Nubank established a holding company in a jurisdiction with no corporate income, capital gains, or payroll taxes, creating substantial value despite operating subsidiaries still facing local tax burdens (including Brazil's 34% corporate income tax rate).¹² This structure provided financial flexibility for capital allocation and

¹⁰ <https://www.cnnbrasil.com.br/economia/macroeconomia/inflacao-fecha-2021-a-1006-acima-do-teto-da-meta-e-no-maior-nivel-em-6-anos/>

¹¹ <https://www.bcb.gov.br/controleinflacao/historicotaxasjuros>

¹² https://www.sec.gov/ixviewer/ix.html?doc=/Archives/edgar/data/1691493/000129281424001464/nuform20f_2023.htm

intellectual property management while maintaining an overall effective tax rate of around 21% in 2021.¹³

Governance structure was another realm through which Nubank's decision made strategic sense: Nubank's dual-class shares (with 20x voting rights for founders) preserved control while raising capital, balancing investor demands with long-term strategic goals.¹⁴ Additionally, the dual-listing enhanced financial optionality, providing multiple capital-raising avenues during market volatility, creating acquisition currency across jurisdictions, and establishing credibility with the global debt market.

By addressing these real-world frictions through strategic financial structuring, Nubank unlocked firm value in its dual-listing strategy through tax efficiencies, mitigation of financial distress costs, deeper market liquidity, risk diversification, enhanced financial flexibility, and strengthened brand positioning.

Nubank's Bold Final Decision and Strategic Rationale

Nubank ultimately pursued a dual-listing strategy, with shares trading simultaneously on both the NYSE and Brazil's B3 exchange. This pioneering approach was influenced by several key strategic factors.

First, by listing on both exchanges, Nubank expanded its potential **investor base** to the fullest extent possible, allowing it to benefit from the depth and liquidity of U.S. capital markets while ensuring that Brazilian retail investors, many of whom were also customers, could participate in its growth story. The NYSE listing provided access to a vast pool of institutional investors and capital essential for Nubank's ambitious expansion plans across Latin America. Meanwhile, the B3 listing reinforced its connection to its primary market, strengthening brand loyalty and local investor participation.

Next, the dual listing also functioned as a **branding statement**. It positioned Nubank as both a global fintech player, attracting Wall Street attention and comparisons to other major technology-driven financial firms, and a Latin American champion, with deep local roots and commitment to financial inclusion. This dual identity perfectly aligned with Nubank's strategy of merging Silicon Valley-style innovation with a localized approach tailored to Latin American markets.

One of the most innovative aspects of Nubank's IPO was the **NuSócios program**, in which 7.5 million customers participated in the NuSócios program, each receiving a BDR (Brazilian Depositary Receipt) representing one-sixth of a Nu Holdings class A common share, subject to a mandatory one-year holding period.¹⁵ Another 815,000 Brazilian investors purchased BDRs¹⁶, making it one of the largest retail investor bases for an IPO in Brazil's history. This program reinforced Nubank's mission of financial inclusion while fostering a unique alignment between customers and shareholders. The initiative would have been far more difficult to execute without the B3 listing, as regulatory restrictions would have complicated direct retail investor participation in a U.S.-only offering.

In addition, Nubank's dual listing served as an effective **risk management** strategy against local market volatility. In 2021, Brazil's stock market experienced a volatility of 33.79%, well above the global average of 20.14%¹⁷, reflecting economic and political uncertainties, while the NYSE offered greater stability through greater depth and liquidity. The dual listing, then, allowed Nubank to benefit from U.S. market stability while maintaining engagement with its substantial local investor base, enhancing its resilience to varying macroeconomic conditions and creating a buffer against regional market downturns.

Nevertheless, the IPO demanded significant governance restructuring to meet international standards, ensure regulatory compliance, and attract global investors. Key changes included:

1. **Board expansion:** Nubank expanded its board from five to nine members, adding four independent directors with global financial expertise, including Doug Leone (Sequoia Capital) and Luis Alberto

¹³ <https://www.sec.gov/Archives/edgar/data/1691493/000119312521314359/d213207df1.htm>

¹⁴ Ibid.

¹⁵ <https://international.nubank.com.br/company/nusocios-program-moves-forward-with-customers-decision-process-about-their-pedacinhos/>

¹⁶ <https://exame.com/insight/ipo-do-nubank-atrai-recorde-de-815-mil-investidores/p>

¹⁷ https://www.theglobaleconomy.com/rankings/Stock_price_volatility/

Moreno (former Inter-American Development Bank President).

2. **Committee formation:** The company established 3 specialized committees (Audit and Risk, People and Compensation, and Nominating and Corporate Governance), chaired by independent directors.
3. **Dual-class structure with safeguards:** While founders received shares with 20x the voting power of Class A shares, Nubank implemented sunset provisions triggering automatic conversion upon certain events.
4. **Enhanced controls:** The company developed comprehensive disclosure controls and formalized its risk management framework with dedicated compliance and internal audit functions.

While navigating these dual regulatory landscapes introduced additional compliance costs and operational complexities, it underscored Nubank's commitment to transparency, accountability, and adherence to international corporate governance standards. The governance premium derived from these efforts contributed significantly to Nubank's valuation resilience during subsequent market volatility.

Navigating a Challenging IPO Market

Nubank's IPO demonstrated the company's adaptability in a volatile market environment. Although the company initially targeted \$10-\$11 per share, it recalibrated to \$8-\$9 per share in response to rising interest rates and widespread technology stock corrections.¹⁸ By ultimately pricing at \$9, Nubank raised \$2.6 billion and reached a valuation of \$41.5 billion, becoming the most valuable listed bank in LatAm.

Despite significant market headwinds, the dual-listing approach enabled Nubank to maximize investor reach while balancing regional and global risks (Exhibits 4 and 5). This pioneering structure provided simultaneous access to U.S. institutional capital depth and Brazilian retail investor enthusiasm, creating unique financial resilience where single-market listings would have faced either limited investor reach or heightened regional volatility. The successful offering established a powerful precedent for emerging market entrepreneurs seeking to globalize their capital structure while maintaining local market relevance — a model that has since influenced numerous Latin American technology companies to pursue similar strategies, fundamentally altering how the region's most promising enterprises approach public markets and funding. As Nubank continues expanding, it is poised to accelerate its mission of financial democratization, transforming a region where banking has historically served the privileged few into one where digital-first financial services reach millions previously excluded from the formal economy.

Questions for Discussion:

1. How did Nubank's decision to pursue a dual-listing approach balance the needs of different stakeholder groups, including founders, early investors, customers, and new public market investors?
2. Evaluate the strategic tradeoffs between Nubank listing solely on the NYSE or on B3 versus their chosen dual-listing approach. What were the potential costs and benefits of each alternative? Think about a long-term perspective: what are the major risks associated with this decision?
3. To what extent does Nubank's dual-class share structure represent a governance risk for public shareholders, and how might this approach affect the company's long-term decision-making?
4. How did macroeconomic conditions in Brazil, particularly inflation and currency volatility, impact Nubank's IPO pricing strategy? How might these factors have influenced investor sentiment differently across the U.S. and Brazilian markets?
5. Bonus: If you were an investment banker advising another Latin American company considering a dual-listing public offering, what key factors would you recommend they evaluate first, and how might these factors differ based on the specific country and business model?

¹⁸ <https://www.reuters.com/markets/asia/nubank-becomes-latams-biggest-riskiest-bank-2021-12-09/>

Exhibit 1: Nubank's Explosive Growth Trajectory (2018-2021). The charts demonstrate Nubank's remarkable expansion with customer base growing from 6 million to 53.9 million (CAGR: 108%) and revenue increasing from \$319M to \$1.7B (CAGR: 99%) during the pre-IPO period, showcasing strong customer activity rates consistently above 60%. Source: Nubank 2021 Annual Report.



Exhibit 2: Real effective exchange rate index (2010 = 100), Brazil 2001-2021. This chart illustrates the substantial volatility and long-term depreciation of Brazil's currency, with the real effective exchange rate declining nearly 50% from its 2011 peak to 2021, creating a challenging macroeconomic backdrop for Nubank's IPO and highlighting a key risk factor for international investors. Source: [World Bank](#).

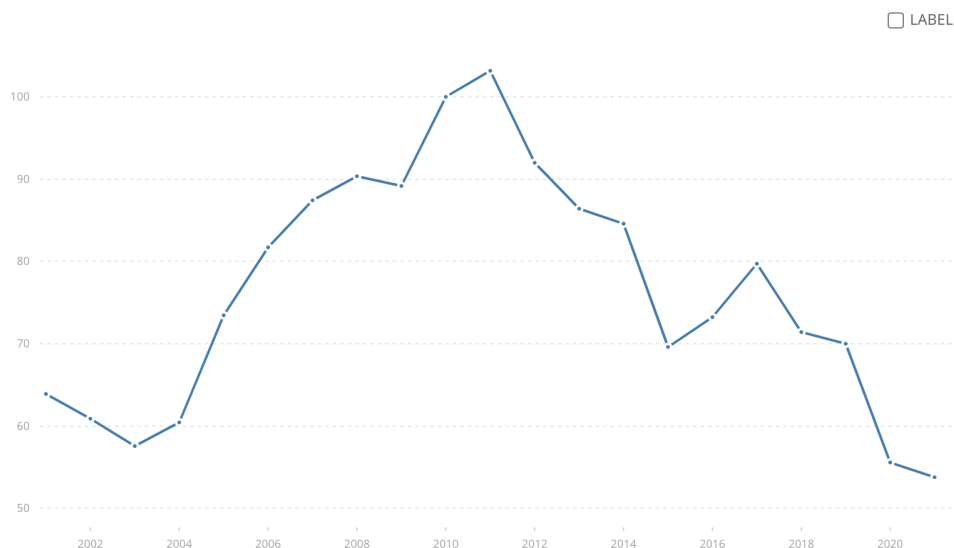


Exhibit 3: Brazil's Inflation Volatility in Consumer Prices (2001-2021). The graph depicts Brazil's persistent inflation instability, including pronounced spikes in 2003-2004 (14.7%) and 2015-2016 (9%), with inflation surging again to over 8% in 2021 during Nubank's IPO—highlighting a significant macroeconomic challenge that influenced the company's pricing strategy and underscored the importance of its dual-listing approach. Source: [World Bank](#).

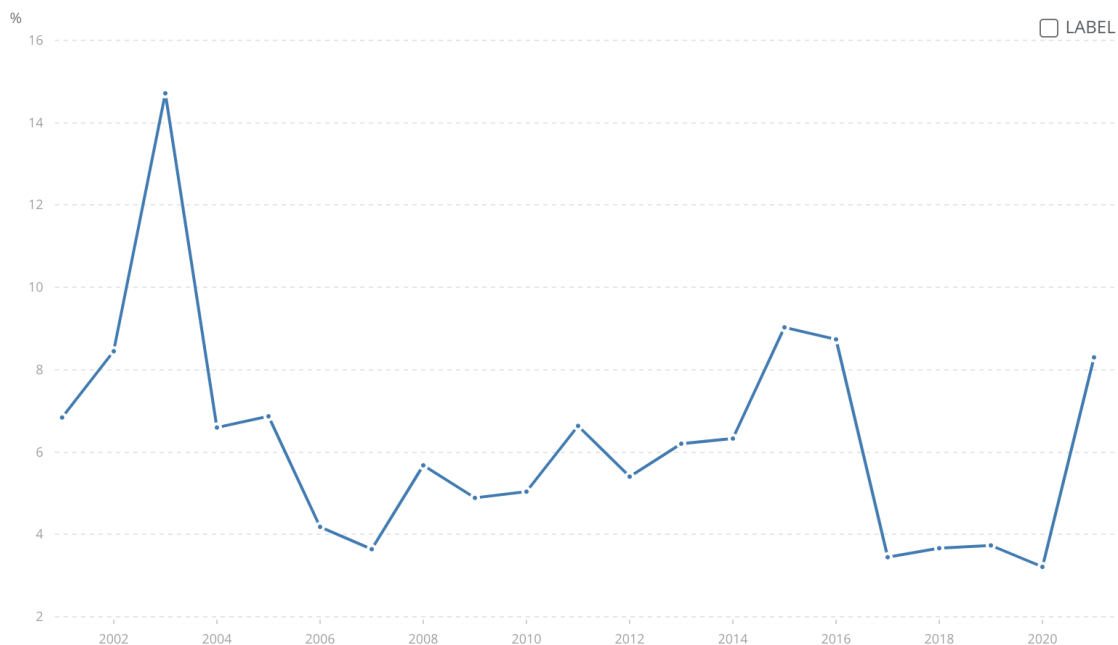


Exhibit 4: Nubank's Post-IPO Share Price Journey (2022-2024). This chart tracks Nubank's stock performance following its dual-listing IPO, illustrating a pronounced V-shaped recovery from initial volatility. After debuting at \$11.85 in December 2021, shares experienced significant downward pressure in 2022-early 2023, bottoming at approximately \$4.50 before staging a remarkable recovery. By 2024, the stock had returned to near-IPO levels, bolstered by key milestones including reaching 90 million customers, becoming Brazil's 4th largest bank by client base, expanding into Colombia, and achieving quarterly profits approaching \$400M—validating the company's long-term strategy despite early market skepticism. Source: [Connecting the dots in FinTech](#).

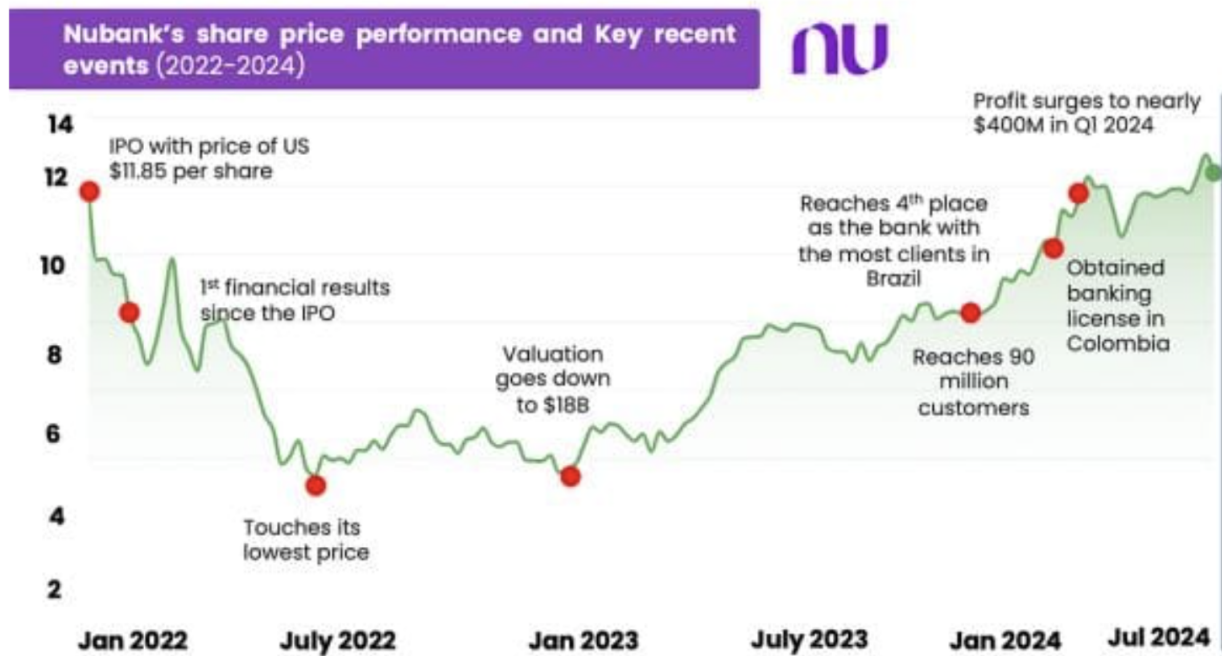


Exhibit 5: Nubank's Valuation Premium Among Financial Peers (March 2025). This comparative analysis demonstrates Nubank's strong market positioning relative to both traditional banks and fintech competitors. With a Price/Revenue multiple of 6.39x (second only to Coinbase's 7.98x), Nubank commands significantly higher valuations than traditional Latin American financial institutions, which average below 2x. The P/E analysis shows Nubank trading at 22.4x earnings, substantially above regional banking competitors but below pure-play fintech firms like SoFi (75.07x). The stock price performance chart shows Nubank's recovery trajectory, which initially lagged both the BOVESPA index and comparable firms during 2022-2023 before converging with market performance by early 2025, reflecting improved investor confidence in the company's path to sustainable profitability. Comparables: Coinbase Global (NAS: COIN), SoFi (NAS: SOFI), BTG Pactual (BVMF: BPAC3), Banco Inter (NAS: INTR), Itau Unibanco Holding (BVMF: ITUB3), Banco Itau Chile (SGO: ITAUCL), Grupo Bancolombia (BOG: PFBCOLOM), Block (NYS: XYZ), Bank Bradesco (BVMF: BBDC3), BCO Amazonia (BVMF: BAZA3). Source: Pitchbook.



Relative % Stock Price Change

