

Chime Financial, Inc. Third Quarter 2025 Earnings Call

David Pearce, Vice President of Investor Relations and Capital Markets

Good afternoon everyone, and thank you for joining us for Chime's third quarter 2025 earnings conference call. Joining me today are Chris Britt, our Co-founder and CEO, and Matt Newcomb, our CFO. Mark Troughton, our COO, will participate in Q&A.

As a reminder, we will disclose non-GAAP financial measures on this call. Definitions and reconciliations between our GAAP and non-GAAP results can be found in our earnings release and our earnings presentation posted on our IR website at investors.chime.com. We will also make forward-looking statements on this call, including statements about our business, future outlook, and goals. Such statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those described. Many of those risks and uncertainties are described in our SEC filings, including our Form 10-Q filed on August 11, 2025. Forward-looking statements represent our beliefs and assumptions only as of the date such statements are made. We disclaim any obligation to update any forward-looking statements, except as required by law. With that, I'll hand it over to Chris.

Chris Britt, Co-Founder, Chairperson, and Chief Executive Officer

Thanks David and thank you all for joining us.

Q3 was another strong quarter for us, and I'm so proud to lead this talented team that has made Chime an industry leader in banking mainstream America. Month after month, more everyday people are choosing to move their banking relationship to Chime than any other fintech or bank. In fact, just last month, J.D. Power reported that in Q3 more people opened a checking account at Chime than any other U.S. company.

And we're still just getting started. We're up to 9.1 million Active Members in a market of nearly 200 million people earning up to \$100,000 per year. We're at a \$2 billion revenue run rate in an over \$400 billion market.

There's a secular shift happening in mainstream America towards digital banking that's helpful, easy, and free – and Chime is leading the way. Our strong Q3 financial and operating results demonstrate our progress.

We delivered 29% year-over-year revenue growth, despite lapping the initial launch of our blockbuster new product, MyPay. We also improved our adjusted EBITDA margin by 9 points year-over-year. Both revenue and adjusted EBITDA exceeded guidance for the quarter. Driving this growth was a 21% year-over-year increase in Active Members to 9.1 million, a sequential increase of approximately 400,000 from Q2. Given this momentum, we're raising our Q4 and full year guidance for revenue and adjusted EBITDA.

Despite the headlines about macro risk and consumer health, we see continued resilience among our members. Our business is powered by long-lasting primary account relationships. We maintain low credit risk through our short-duration liquidity products underwritten by recurring direct deposits. Over the last decade, our business has proven to be resilient across macro cycles. In fact, Chime can shine most when times are tough. In softer macro environments, consumers often become more value-conscious – and we believe that Chime offers the most compelling banking experience and the best value. Our members continue to show strong financial health, with steady growth in spending among tenured cohorts, higher average deposit balances, and consistent use of our liquidity products with lower loss rates. Importantly, we're not seeing any signs of unemployment pressure within our member base.

Today, I'll share some highlights from Q3 and what continues to set Chime apart — including our category-leading products, trusted brand, and cost-to-serve advantage.

Starting with product: in September, we launched our new Chime Card, our latest innovation to make Chime the best checking account for mainstream America. This new card makes fee-free banking with Chime even more rewarding. With 1.5% cash back on everyday spend categories for direct depositors and a titanium card option, we're now delivering an even more premium banking experience for our members. Chime Card builds on the strength of Chime+, which offers our direct deposit members a 3.5% interest rate on savings — 8x the national average. It also offers fee-free overdrafts, access to your paycheck on demand with MyPay, free credit building, and priority member support. We don't believe any incumbent offers consumers anywhere near this level of utility and value — including higher earners. In fact, in Q3, members making \$75,000 or more annually were our fastest-growing consumer segment. The new Chime Card is a secured credit card that helps our members earn rewards while improving their credit score. Because it's a credit card, we earn 175 basis points of interchange, which is over 50% higher than our average Q3 take rate.

The results in the first two months are promising – new members who've adopted Chime Card are already using it for 80% of their spend. Portfolio wide, spend on our credit card products represents only 16% of total Purchase Volume as of Q3, so we're very excited about the growth potential as volume shifts to credit spend.

We've also enhanced our short term liquidity products including MyPay. In the year since we rolled out this product, MyPay has proven to be another essential feature that's loved by our members for its convenience and low cost. MyPay is now an over \$350 million annual run rate product with a transaction margin of over 45%. We've more than quadrupled MyPay transaction margin in just the last two quarters. These MyPay results are a case study in product innovation only possible due to Chime's primary, direct deposit relationships.

In terms of our brand leadership, Chime continues to gain momentum setting us apart from both legacy players and potential new entrants. In Q3, our unaided awareness in the online banking category reached 41% — up 12 points since 2023 — with the fastest growth among Americans earning \$50,000 to \$100,000 annually. Chime now only trails the two largest U.S. banks in

unaided awareness for online banking and is now ahead of Wells Fargo, Citi, and every other national bank. And just last month *TIME* released their latest national survey and ranking of the top U.S. brands by category. For the first time, Chime was ranked the #1 banking brand in the U.S. according to consumers for 2025 — ahead of all major banks and fintechs — and we're not even a bank!

The final advantage I want to recap is the significant progress we've made in our cost-to-serve. Chime's cost-to-serve is roughly one-third to one-fifth of an incumbent bank, and this advantage continues to improve. Over the last two years, we've reduced our cost-to-serve by 20% while growing ARPAM by 18%.

Our continued operating leverage is clear in our Q3 financials, which Matt will discuss. With our scaled model and the growing benefits we're realizing from AI, we don't believe we need to grow OpEx nearly as fast as we have historically to fuel our growth. In fact, we expect to keep headcount flat over the next year. This should translate to significantly slower OpEx growth in 2026 versus 2025.

A major contributor to our cost to serve improvement has been our investment in ChimeCore, our proprietary transaction processing core and ledger. I'm excited to announce today that we've completed our migration ahead of schedule, and we're now 100% on our own technology stack.

ChimeCore sets us apart from both traditional banks and fintechs that rely on costly and often inflexible third-party solutions. Not only does ChimeCore provide efficiency gains that Matt will share, but it will continue to accelerate shipping velocity, proprietary innovation, and our AI advantage. ChimeCore allowed us to launch our new Chime Card, a key growth driver for 2026 and beyond. And with ChimeCore fully live, it unleashes the next era of innovation for Chime, to extend our lead as the go-to banking platform for everyday Americans.

Our near-term product roadmap includes a new, more premium membership tier we'll launch to reward our most engaged and higher earning members; joint accounts; custodial accounts; and investment products. And that's just some of what we have on the docket for 2026. These new innovations will give our members even more reasons to rely on Chime for all aspects of their financial lives — across spending, savings, borrowing, investing, and more.

I also want to share a few updates on other emerging growth areas including our early engagement programs and Chime Enterprise.

Our early engagement strategy is all about making it easier to use Chime right out of the gate, and is helping us drive strong member acquisition at increasingly attractive unit economics. We've ungated our credit building features, added more deposit options like inbound instant transfers and funding with Apple Pay, we continue to experiment with offering MyPay before members direct deposit and have made it easier to transfer money from Chime with Outbound Instant Transfers or our "OIT" service.

In Q3, the combination of these newer initiatives helped reduce CAC, while allowing us to monetize relationships earlier and in new ways. There's more work to do, but we're also encouraged by the early signs of success converting these new Chime members to direct depositors over time, especially those who want to "try before they buy."

Lastly, on Chime Enterprise, I'm incredibly bullish about the impact this new business unit will have on our growth. We're seeing early traction in the employer channel, bringing Chime solutions to employees of our enterprise partners. We recently announced partnerships with both Workday and UKG – two of the largest global human capital management platforms. These integrations allow their employer customers to seamlessly offer Chime Workplace to their employees. And in Q3, we signed several new employer partners, including Maxwell Group, Ubiquity, and Etech. While still early days for Chime Enterprise, employee adoption rates of direct deposit have far exceeded our expectations. Enterprise sales cycles can be long, but I'm excited by the momentum in our pipeline.

Our business continues to fire on all cylinders and is poised to deliver an exceptional 2026.

That said, we do not believe our current stock price reflects the strength of our business. So today we're announcing a \$200 million share repurchase authorization, which we expect to implement in the coming months. We continue to have a robust cash position and a strong outlook on free cash flow generation, putting us in a great position to buy back shares at attractive values while continuing to invest in the growth of our business.

We are well on our way to deliver on our vision to transform the way mainstream Americans bank, helping millions achieve lasting financial progress. I'm deeply proud of this generational company we're building. We have a brand that's loved and already rivals the largest banks in the world, with more consumers choosing us than any other institution. The future of banking belongs to Chime.

With that, I'll turn it over to Matt.

Matt Newcomb, Chief Financial Officer

Thanks Chris. Good afternoon everyone, thank you all for joining us today. I'm excited to discuss our strong third quarter results and outlook.

In Q3 we delivered 29% year-over-year revenue growth and our adjusted EBITDA margin rose to 5%, up 9 percentage points year-over-year. These results exceeded our previous guidance, and with this momentum, we're raising guidance for Q4 and full year 2025.

The platform we're building at Chime gives us multiple ways to win in the large market we serve. I'd like to provide a few highlights about our strong performance across actives, Purchase Volume, ARPAM and transaction margin in Q3.

First, we continue to see strong new Active Member growth at attractive — and improving — unit economics. In Q3, thanks in part to our early engagement initiatives, we grew Active Members by 21% year-over-year, approximately 400,000 sequentially, while reducing CAC by over 10% year-over-year for the third consecutive quarter.

This has resulted in faster paybacks. Recent cohorts are trending to a five-to-six quarter transaction profit payback, a reduction from the seven quarter payback we'd seen previously. Of course, the real magic in our business is the stickiness of our cohorts for years and years beyond CAC payback, which drives an LTV:CAC profile of 8x or higher, powered by the consistent, recurring engagement of our primary account relationships. Industry data suggests the average life of a checking account is over 15 years. Our oldest cohorts are now nearly a decade old and showing no signs of slowing down.

Second, Purchase Volume. We have a resilient, payments-based revenue model driven by our members' top of wallet, recurring, and largely non-discretionary spend. Like Chris mentioned, despite the concerns over macro, we're seeing very consistent spend trends among our tenured cohorts.

I want to quickly highlight a product enhancement that is having a positive impact on the business: Outbound Instant Transfers (or OIT). While the majority of our members use Chime as their primary account, some also maintain secondary accounts for activities like investing or peer-to-peer payments — especially those who are new to Chime. Historically, funding those accounts meant visiting these other apps and pulling funds using their Chime cards. These transactions are included in our Purchase Volume, or PV. With OIT, members can now push money instantly to external accounts directly from the Chime app, offering a faster, more convenient member experience. OIT volume is not included in PV.

We're seeing members shift volumes to this new experience. Since launching in January, OIT volume has scaled rapidly to \$640 million in Q3. This mix shift to OIT tempers our reported PV growth, but actually serves as a tailwind for our overall business. We earn a 1.75% fee on these OIT transactions, far higher than our take rate on debit Purchase Volume transactions. In Q3, Purchase Volume totaled \$32.3 billion, up 15% year-over-year — and \$32.9 billion, up 18% year-over-year, when combined with OIT volume. This volume drove payments revenue growth of 16% year-over-year in Q3, and 20% when combined with OIT revenue, which is included in platform revenue — a very consistent pace of growth with the first half of the year.

Third, Average Revenue per Active Member, or ARPAM. Primary account relationships drive our already strong ARPAM, and it continues to power higher alongside increasing levels of product attach.

In Q3, ARPAM grew 6% year-over-year to \$245, and we continue to see growth across every cohort, with our seasoned cohorts now at over \$350 ARPAM. This growth coincides with continued growth in attach rates across our expanding product ecosystem. In Q3, 13% of our

Active Members used six or more products on a monthly basis, up from 5% two years ago. This segment of members has an ARPAM of \$466, nearly double our average Active Member and up 15% over the last two years. Said another way, not only is the breadth of Chime's opportunity massive, with 9.1 million actives among 200 million everyday Americans, but so is the depth. We're serving our members across multiple areas of their financial lives, and there are many more areas left to go.

Finally, we continue to make progress on Transaction Margin. There are a few highlights to call out on this front. First, as Chris mentioned, we completed our migration to ChimeCore — a massive unlock for future product velocity and continued cost efficiency. We expect this final step of our migration to increase our gross margin to close to 90% in Q4.

Second, MyPay loss rates fell below 120 basis points in Q3, a more than 20 basis point sequential improvement from Q2, representing continued faster-than-planned progress toward our 1% loss rate target. MyPay transaction margin is now over 45%.

Moving to the rest of our P&L, we continue to drive strong operating leverage in our business. In Q3, non-GAAP OpEx grew just 7% year-over-year, down from 14% growth in H1 and the slowest rate in years — even as we continue to put substantial growth capital to work, at 8x+ LTV:CAC. As a percentage of revenue, non-GAAP OpEx fell by 14 percentage points year-over-year in Q3, with continued operating leverage across every OpEx category. Along with our progress on MyPay transaction margin, this translated to a significant acceleration of our adjusted EBITDA margin growth, improving 9 percentage points year-over-year in Q3, well ahead of what we delivered in H1. And we expect this trend to continue in Q4, where we now expect 11 percentage points improvement to our adjusted EBITDA margin year-over-year, and an incremental margin in the mid-50s, even higher than the mid-40s we guided to last quarter.

More specifically on our outlook, we're pleased to raise our fourth quarter and full year guidance, driven by continued broad-based strength in the business. In the fourth quarter, we expect revenue between \$572 and \$582 million, resulting in year-over-year revenue growth between 20 and 23%. This exceeds our previous guidance, which forecast 20% growth at the midpoint.

We expect adjusted EBITDA between \$43 and \$48 million, and an adjusted EBITDA margin of 8%. This also exceeds our previous guidance of 6% margin at the midpoint.

There are a few things to keep in mind about Q4. First, we expect to see steady progress on Active Member growth at attractive ROI, with continued positive results from our early engagement strategies. We expect to continue to see strong growth in OIT, and therefore a continued mix shift of revenue from payments to platform in Q4. This, of course, is a positive for our financials, given the higher take rates on OIT volume.

As you'll recall, we are now lapping last year's launch of MyPay, which began ramping in Q3'24. We'll fully lap the launch in Q4'25, which is what is driving some further normalization of our topline growth rate in our Q4 guide.

Finally, as part of our termination agreement with our third-party processor Galileo, we will incur a one-time expense of approximately \$33 million excluded from adjusted EBITDA. We originally expected to recognize this expense in Q1'26, but with our ChimeCore migration concluding ahead of schedule, we now expect to recognize this in Q4. We will maintain a contractual relationship with Galileo through March 2026.

For the full year, we expect revenue of \$2.163 to \$2.173 billion and adjusted EBITDA of \$113 to \$118 million, above our prior guidance.

So, we're pleased with our strong Q3 results and outlook for Q4, but we're even more optimistic about 2026 and beyond. While we won't give formal guidance for 2026 until our next earnings call, we believe the strong progress we're seeing across the business is setting the stage for continued strong topline growth, additional transaction margin expansion, and substantially slower OpEx growth, resulting in a step up in our adjusted EBITDA margin that is above our previous expectations. Specifically, we expect our '26 incremental adjusted EBITDA margin to be above the mid-50s we're guiding to for Q4 this year.

Finally, as a reminder, our full IPO lock-up ends on Friday morning, the beginning of the second full trading day following today's earnings announcement.

With that, I will open it up to Q&A.