

Chime Financial, Inc. First Quarter 2026 Earnings Call

Peter Stabler, Vice President of Investor Relations

Good afternoon everyone and thank you for joining us for Chime's first quarter 2026 earnings conference call. Joining me today are Chris Britt, our Co-founder and CEO, and Matt Newcomb, our CFO. Mark Troughton, our President, will participate in the 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-K filed on March 6, 2026. 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, Peter, and thank you all for joining us today.

2026 is off to a strong start. In Q1, we delivered strong Active Member growth, continued taking share from the largest banks, achieved GAAP profitability, and accelerated product velocity. Last month we launched Chime Prime — our new premium membership tier. Prime offers higher cash back rewards, high-yield savings, greater access to liquidity, and premium perks for members who make Chime their primary financial partner. Early signals are encouraging, and I'll share more in a moment.

The strength of our brand and offerings has never been clearer. We added nearly 700,000 Active Members in Q1, bringing total Active Members to a record 10.2 million.

Consumers are drawn to Chime's expanding product suite and low-fee model. As a result, Chime again ranked #1 in U.S. checking account openings per J.D. Power's Q1 survey — 50% ahead of the next competitor — while members earning \$75,000 and above remained our fastest-growing segment. Unaided brand awareness also continues to rise among consumers earning up to \$100,000.

Turning to the quarter. Revenue grew 25% year-over-year, exceeding the high end of our guidance range. Coupled with strong cost discipline, we delivered over 13 points of adjusted EBITDA margin expansion year-over-year, demonstrating the powerful fixed cost leverage in our business model. Q1 also marked our first quarter of positive GAAP EPS, a major milestone for our shareholders. And we expect to deliver positive GAAP EPS for our full-year results.

Our Q1 results highlight our core competitive advantages: primary relationships, our trusted brand, a low cost to serve, and rapid innovation powered by ChimeCore — now accelerated with AI.

Understandably, the health of the American consumer is a major focus for investors today, fueled by geo-political uncertainty, high energy costs and overall affordability concerns. We've looked closely at our members' behavior, and as we have reported for the past several quarters, we continue to see broad consumer resilience.

Even with fuel spending up, overall Purchase Volumes and savings rates remain strong and consistent, and average account balances among our recurring direct depositors continue to grow, aided in part by year-over-year growth in the average tax refund. And we've yet to see any meaningful changes in the number of our members receiving unemployment benefits.

In terms of lending, our credit loss rates continue to improve, reflecting the strength of our short-duration loan portfolio underwritten by recurring direct deposits, and our ability to rapidly fine-tune our lending risk models. These factors dramatically lower our loan portfolio risk and are what separate us from other lending businesses.

Turning to our 2026 priorities.

As we mentioned last quarter, our first priority is to extend our lead as the best financial partner for everyday Americans. This starts by leveraging our proprietary tech stack and cost-to-serve advantage to provide products and services that enable our members to unlock financial progress, while maintaining our position as the market's low-cost leader.

Our membership tiers embody our central brand promise of offering the most rewarding, fee-free banking experiences in the market for everyday Americans. At the same time, they reinforce a simple idea: the more members engage with Chime as their primary financial partner, the more value they unlock. Our membership tiers drive deeper direct deposit relationships, increased product usage, and expanded Average Revenue Per Active Member ("ARPAM") as evidenced again this quarter.

Building on the success of Chime Plus, our basic membership tier that rewards members who set up direct deposit, we're really excited about the launch of Chime Prime, which offers an even richer set of rewards to members making at least \$3,000 of qualifying direct deposits per month. And as with Chime Plus, there are no fees.

Chime Prime members unlock a market leading 5% cash back on the category of their choice when they spend with their Chime Card. Categories include groceries, restaurants, gas, utilities, or travel. For example, a family spending \$1,500 on groceries per month would receive \$75 in cash back on Chime Prime.

Prime also includes, 3.75% APY on savings, a rate nine times the national average; up to 70 points of credit score improvement; higher levels of liquidity through MyPay and Instant Loans; and premium travel and lifestyle perks, like access to exclusive airport lounges and special access to concerts.

Early results show that our new Prime tier is increasing direct deposit intent and improving retention of existing direct depositors. Prime members are also more likely to adopt Chime Card for everyday spend, helping to drive a continued shift we're seeing from debit to credit spending, which delivers a higher take rate for us. The benefits from this more premium tier deepens our relationship with higher-earning members, who are becoming a larger portion of our member base.

Turning to our short-term liquidity products, Q1 was another strong quarter for MyPay, which is already an over \$400 million run-rate business. We rolled-out our variable MyPay pricing plan and expanded access to earned wages earlier in the pay cycle — addressing our most frequent member request, while at the same time retaining our leadership as the low-cost provider in the market. With higher origination volumes, improved yield, and low, steady loss-rates, MyPay transaction profit was up over ten-fold year-over-year.

We're also making great progress with Instant Loans, which we believe positions the product to become a meaningful contributor to transaction profit growth over the coming quarters. Members qualifying for Chime Prime are pre-qualified for Instant Loans, and continued optimization of our underwriting models is enabling us to broaden member access, while we reduce loss rates.

Our first priority and North Star is to help our members unlock financial progress. In service of this goal, our product roadmap for this year will expand to meet even more of their everyday financial needs with investing, joint accounts and custodial accounts all coming soon.

With a broader portfolio of products we believe we'll continue to deepen our member relationships. The evidence at the cohort level is clear and compelling. The longer a Chime member stays with us, the greater the average product attach rate, Purchase Volume, and transaction profit. This compounding dynamic is the core of our long-term growth model.

Our second priority is scaling Chime Enterprise, offering expanded earned wage access and a suite of financial wellness tools completely free to employees through their employers.

As we've mentioned, the sales cycles for enterprise accounts tend to be long, but our pipeline and customer count is growing steadily. We're excited to announce we've signed four new employer partners in Q1, including First Student, the largest provider of student transportation in the nation, with over 65,000 employees. As we prepare to roll out with First Student, our Workday partnership will support seamless integration and implementation.

Our third priority is to deeply embed AI across Chime and into the member experience.

For a full-stack fintech like Chime — with proprietary data, integrated infrastructure, deep bank partnerships, and a trusted brand — AI compounds our structural advantages and further differentiates us from incumbent banks.

As the primary account for millions of members, we have a real-time view of their financial lives — paychecks, spending, bills, and balances — all flowing through our platform. And because ChimeCore powers everything from the ledger to the app experience, we can take action, not just provide insights. With a member's permission, we can move money to where it earns more, extend credit in the moment it's needed, and stop unwanted charges before they post — capabilities no third-party app could replicate.

With Jade, our AI co-pilot rolling out now, we are bringing this to life. Jade will help us move from reactive tools to proactive financial management — helping members spend smarter, save more, pay bills on time, borrow responsibly, and build long-term wealth. Early results from scaled beta testing have been encouraging, and we'll continue to expand access over the coming months.

While AI will accelerate innovation across the industry, it won't replace the foundations of our model — bank partnerships, payment networks, and compliance infrastructure. As choice expands, consumers will choose the platform that delivers the best products, at the lowest cost, from a brand they trust.

AI is already transforming the way we work. In product and engineering, AI-powered development is quickly becoming the norm — 84% of the code we shipped in March was developed with AI, up from 29% just four months ago. That's driving a meaningful increase in velocity. We're now taking the next step with Archimedes, our AI-native "software factory," where we can move from idea to shipped product with AI agents doing the majority of the development. More broadly, Archimedes represents a fundamental shift in how we build at Chime — from AI assisting humans to AI at the center of how we design and develop products, while maintaining the quality, control, and compliance our platform requires.

AI is driving operating leverage at scale, increasing levels of output while keeping headcount flat.

We're at a unique moment, where AI is unlocking entirely new possibilities in financial services. Because we're not burdened by legacy systems, we can move faster, build better, and lead this transformation. With our platform, model and momentum, we're uniquely positioned to shape what comes next. AI isn't just a tailwind for our business — it's an accelerant of our core advantages, further expanding what we can deliver for our members and for our business.

I'll now turn it over to Matt to cover our financial results and provide an updated outlook for Q2 and the full year.

Matt Newcomb, Chief Financial Officer

Thanks, Chris.

In Q1, our fourth quarter as a public company, we again demonstrated both strong execution and the resiliency of our model.

We're continuing to execute on multiple dimensions of growth, with 19% growth in Active Members, 5% growth in ARPAM, and a 9 percentage point improvement in Transaction Margin in Q1.

These are compounding growth levers, and together drove 41% growth in transaction profit in the quarter.

We're the clear #1 share gainer in a massive market, with a radical cost-to-serve advantage, and a technology and product innovation advantage that continues to extend our lead over the competition.

And — powered by our deeply engaged, primary account relationships — we have a durable, low credit risk, over 70% transaction margin business that we're scaling over a largely fixed OpEx base.

These are the ingredients of a business model with strong long term earnings power, and in Q1, we again demonstrated our rapid progress along that path. Our Q1 adjusted EBITDA margin of 18% improved over 1300 basis points year-over-year, and our incremental adjusted EBITDA margin was 73% in the quarter — and we were GAAP profitable.

Given strength in the business, we are raising full-year guidance. And, having exhausted our prior repurchase program, we are also announcing an additional \$200 million share repurchase authorization. While markets are volatile, our long-term earnings power is not, and this authorization allows us to continue to opportunistically take advantage of market dislocations in our share price.

Let me dive into more detail on our Q1 operating results, starting with Active Members.

We have a consistent track record as the leading share gainer in a market of nearly 200 million Americans making up to \$100,000.

In Q1, we added nearly 700,000 net new Active Members quarter-over-quarter. Some of this growth was driven by particularly strong seasonal tailwinds. As a reminder, each year in Q1 tax refund-related activity drives seasonally higher levels of re-engaged Active Members. This year, we saw the number of members using our embedded tax filing service grow over 50% year-over-year. Also, this year's later start to tax season concentrated more of this re-engagement later in the quarter.

That said, our overall growth algorithm continues to perform well, with several other drivers contributing to this quarter's strong performance.

First, our top-of-funnel remains strong. Our brand awareness continues to grow, and new value propositions like Chime Card's cash back rewards on everyday spend are clearly resonating with members. Looking ahead, we're excited about the opportunity to use rewards more broadly to drive both new member growth and retention, and expect to continue to experiment this year.

Second, our early engagement initiatives, which make it easier to get started with Chime, continue to be successful. These initiatives have enabled us to engage members we wouldn't have otherwise engaged, driving all-time high activation rates, lowering our CACs, and improving our payback periods to 5-6 quarters. We're also finding that they are increasingly an on-ramp to more deeply engaged, direct deposit relationships — not just lightly engaged members. Given this progress, we believe we are on track to exceed our original goal of 1.4 million net new actives for 2026.

Second is ARPAM.

We have a high-quality member base. We serve the majority of our members in a primary account capacity, which gives us deep levels of engagement, strong retention, and high levels of ARPAM.

As our members' primary account relationship, we've also earned both the trust and mindshare to drive strong product cross-sell. Fifteen percent of our Actives Members use six or more products each month, and their ARPAM is north of \$500, double our average.

In Q1 specifically, overall ARPAM increased 5% year-over-year to \$263, driven by strength in both payments and platform revenue, and combined payments and OIT revenue increased 19% year-over-year.

Resilient member spend trends, along with larger tax refund deposits, drove PV + OIT volume growth of 15%. We're also continuing to drive strong adoption of Chime Card across both new and existing members.

As of March, nearly half of our members are using a secured credit card — either our legacy Credit Builder card or, increasingly, our new Chime Card — on a monthly basis. That's up from just over a third of members in September, prior to our Chime Card launch. This progress has increased the portion of total Purchase Volume that is on credit to nearly 25% in March, up from 16% in September.

Chime Card is a win-win: members benefit from cash back rewards on their everyday spend, and we benefit from the higher net interchange rates we earn on credit. And as Chris noted, we're excited for Chime Prime's potential to drive Chime Card adoption even higher.

Platform-related revenue increased 50% year-over-year, driven by continued strong performance across our liquidity products. Our success earning direct deposit relationships enables us to offer liquidity products profitably, at low cost, and with low risk.

In Q1, we completed the roll-out of our new variable pricing model for MyPay, while also maintaining loss rates at our steady state target of 1%. Together, this grew our MyPay transaction margin to 62% and overall MyPay transaction profit dollars to \$64 million, up 10x year-over-year.

We're also seeing strong performance for Instant Loans, our 3-12 month installment loan product. We're also scaling access. In Q1, we originated \$180 million of Instant Loans.

We're offering longer duration loans to repeat borrowers, which come with better economics: in Q1 we doubled origination volume quarter-over-quarter for 9- and 12-month loans.

And we're driving lower loss rates. We continue to see loss rates improve as much as 50% for repeat borrowers compared to first-time borrowers.

Taken together, we are very excited about the progress with this product and its path to becoming a meaningful driver of transaction profit growth over the coming quarters.

Third is transaction profit.

Our low-cost operating model has enabled us to offer what we believe is the most compelling breadth of services for mainstream consumers, delivered at over 70% transaction margin.

We don't believe any incumbent offers consumers anywhere near the level of utility and value that Chime offers — including for higher earners.

In Q1 — as a result of our recent transition to ChimeCore, as well as continued strong loss rate performance — we improved our transaction margin to 76%, up 9 percentage points year-over-year.

Together with our growth in Actives and ARPAM, overall transaction profit grew 41% year-over-year to \$491 million.

So, we're compounding growth across multiple dimensions, and we're driving this growth with strong unit economics.

We continue to acquire members efficiently, with a 5-6 quarter transaction profit payback period.

But just as important is the durability of our cohorts, driven by our deeply engaged, long lasting primary account relationships. Our cohorts are underpinned by everyday, re-occurring non-

discretionary spend. Our cohorts double in ARPAM as they season, as members attach to more products over time, and our cohorts see over 100% dollar-based transaction profit retention, net of churn. Taken together, this drives LTV:CACs of over 8x.

It's these unit economics that allow us to drive strong operating leverage while continuing to make meaningful investments in growth

In Q1, non-GAAP OpEx as a percent of revenue fell 5 percentage points year-over-year, with leverage across all OpEx categories. And in Q1, we grew our adjusted EBITDA margin to 18%, up 13 percentage points year-over-year, and at an incremental margin of over 70%. In total, we delivered \$119 million of adjusted EBITDA and \$53 million of GAAP net income.

Turning to our guidance.

In the second quarter, we expect revenue between \$633 and \$643 million, resulting in year-over-year revenue growth between 20% and 22%. We expect adjusted EBITDA of between \$72 and \$77 million, and an adjusted EBITDA margin between 11 and 12%.

For the full year, we expect revenue between \$2.66 and \$2.69 billion, resulting in year-over-year revenue growth between 22% and 23%. And we expect full year adjusted EBITDA of between \$416 and \$431 million, and an adjusted EBITDA margin of 16%. We now expect an incremental adjusted EBITDA margin of approximately 60% for 2026

There are a few things to keep in mind about our second quarter and full-year guide.

As a reminder, we have a seasonal business. Many of our metrics – including Active Members, transaction volumes and ARPAM – benefit from tax refund-related activity in Q1.

In particular, because tax refund-related activity drives more members to re-engage with us in the first quarter, we benefit from seasonally high quarter-over-quarter net adds each Q1, but lower net adds each Q2. We expect to see this typical seasonality again this Q2.

We also see seasonally elevated transaction margin in Q1 due to higher Purchase Volume, as well as both lower utilization and higher repayment rates on our liquidity products. As such, we expect transaction margin to normalize from 76% in Q1 to between 70 and 72% for the rest of the year.

Finally, while we'll continue driving operating leverage at attractive incremental margins, as we've noted previously, we are investing into sales and marketing and member support costs to support the recent launch of our Chime Prime premium membership tier this year, particularly in Q2.

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