

**Local Conference Call  
Banco Inter S/A (BID11)  
3Q21 Earnings Results  
October 27<sup>th</sup>, 2021**

**Operator:** Good morning and thank you for holding. Welcome to Banco Inter's earnings call for the third quarter of 2021.

We have with us today CEO João Vitor Menin, vice-president Alexandre Riccio de Oliveira, and the finance and IR officer Helena Caldeira.

This conference is being recorded and all participants will be in listen-only mode during the company's presentation, then we will have a question and answers session when more instructions will be given. If you need any assistance during the call, please request the help of an operator by dialing star zero.

This conference is also being webcast live and it can be accessed through [ri.bancointer.com.com.br](http://ri.bancointer.com.com.br). A replay of the conference will be available right after it's finished. We'd like to remind you that those of you watching through the webcast can send questions to the company through its website and they will be answered by the company's RI department after the conference is over. We shall remind you that this call is being simultaneously translated into English for the company's foreign investors.

Before we continue, I'd like to mention that forward-looking statements that may be made during this call about the company's business perspectives, as well as its projections, operational, and financial goals are based on the management's expectation about the future based on information that is currently available to Banco Inter.

Future considerations are not a guarantee of performance since it involves risks, uncertainties, and assumptions referring to future events that therefore may or may not occur.

I'd like to give the floor now to Mr. João Vitor Menin, CEO, who will begin his presentation. Mr. Menin, over to you.

**João Vitor Menin:** Thank you. Good morning, everyone. It's a great pleasure to be with all of you. I'm here, Alexandre and Helena will be talking about the result of the third quarter of Inter, which are great. I will try to be brief and give good time to Q&A, and I will go through four major points.

I believe the main one that I'd like to mention is related to the revenue growth of Inter. You know that we have been in this journey of having our Super App created

to bring clients, engage them, monetize them, and we see that quarter over quarter we're able to have important milestones when it comes to revenue. So, this quarter we had even a stronger figure that I would even call it juicier, so this makes us quite happy, and I say that this year is a year where we have the chance of having 250% growth of our revenues compared to 2020.

And maybe I am unaware of any company that has any revenue that has reached 1 billion, that has done that in 2021, a tough year of the pandemic. So, I believe that the first step of any business that is solid and that has big profit, and a big market importance has to do with revenues. That is really the watershed and that's delivery revenue growth.

But going beyond, going beyond a revenue growth that is solid, what makes me very glad if you look at slide five and ten of our presentation, it's what I like to see the most with the diversification of our revenue. Why should you have a strong revenue that grows, but it's anchored on one single product? Just credit card, credit card figures. No, with Inter the first derivative, which is revenue of services and NII, when you have these two big groups that are about 50% each responsible for the revenue, we have a diversification of revenue, and I was just seeing it, which is 25%, 25%, 25% and 25% of our four major credit groups, and in terms of service as well, so diversification that's quite big.

And what does that bring to us? A result that is much more stable, much less susceptible to regulatory changes, and I was even checking the result of a major digital player and how dependent of encryption has been. So, the best thing about that is that it's strong and it's diversified and sustained.

Point two would be expenses. That's something that we've been talking a lot with our shareholders where we have an obsession here at Inter, and I say that is our mindset, where we're talking about operational efficiency, and we are delivering also quarter over year, and it's interesting to see, if we breakdown the expense, obviously grows as the company grows as well, but if we have two major groups, the operational and those that come from the growth of the company, we will see that much of the cost has to do with growth.

I always say that we have uploaded many expenses to be able to build this machine that we have been building, so even the underwriting credit that are done in house with no intermediaries, they are also as the overhaul ahead, even like if we talk about payroll credit, credit card, they also put that into the cost and revert it, revert it to what? Are we saying what? Well, because the credit underwriting at Inter is really big, so there is a quite healthy part there as well.

And what I wanted to mention about the third one is the positioning of Inter when it comes to the regulatory in market positioning, so I believe we've always positioned ourselves as the best of two worlds, of the fintech and the traditional banks, and I

believe that that is becoming clear and clear, we see a bit of inflection when it comes to the regulatory agency in terms of competition and focus on healthy competition so we can reduce the symmetric we've seen in the market, and we're well-positioned that way.

I believe there's a background noise, so let's just make sure we're on the mute. Let me carry on. So, we're very well-positioned when it comes to regulatory aspects.

So, the vision we have at Inter to position ourselves in a way that is privileged, I mean, one example I'd like to give when it comes to the regulatory point is the prepaid, which brought a big problem. Inter does not have any of these activities, we have a full checking account, and the other is related to the regulatory capital. Since we are a financial institution and we have a full checking account, we have a very strong structure where we're able to really face the growth we're going through and that we have delivered lately.

So, I believe that despite the path to pave of the regulation, we're really well-positioned, and that's very important when we talk about the company in the long run.

And one point that is not to less important, you know, we talked about the acquisition of Usend, an American fintech, and the more that we really check more about Usend and in terms of integrating and concluding this integration, I mean, the more excited I get. With Usend I believe we can actually position ourselves and to run the risk to really create a global account, and I think it's important what we have did then with our Super App in terms of the revenue, the engagement we get, and all of that bring that to what I would say the US and to a global scenario that's very strong.

So, I believe we have great options ahead, obviously we have nothing at this point to share in terms of that for the... I mean, we don't have anything in terms of what we can see, but I am really happy with what we can really reap from 2022.

So, those are the four points. I'd like to thank our team, it was a tough year for everyone at Banco Inter and everywhere else with much volatility in the market, and I have realized that the tougher things are, it seems like the more we deliver, the more dedication, and the more passion we get from our employees. So, this is something that brings us much satisfaction, I'm so proud of our team, and I say that more and more, I see that there are less mercenaries and more missionaries supporting us in this amazing mission which is transforming the financial Brazilian market.

And I would like to thank them, our team the 3,600 people waking up early every single day to be part of our project. So, I'd like to close, and I'd like to send over to Alexandre so we can bring the financial numbers to us, and then Helena will talk about investors relations and Q&A. Thank you.

**Alexandre Oliveria:** OK, good morning, everyone, and thank you for your participation here.

I will go through the highlights of our quarter, and I believe with this external turmoil that we've seen, Inter again shows a very strong quarter, so we have kept our focus and we have been growing, resilient growth and with much opportunity to be explored when it comes to our database and as we grow with our maturity, and that was our reality and still is.

and our unit economics, CAC, CTF, which are the main points that we take into consideration, are still going the right way, we're on track with still simultaneously being able to increase our level, so CAC is not only very good, our ARPU increased, I mean, we're talking about we were able to improve the level of service delivered, so we went over 3,600 employees, as we just mentioned, and this has strengthened our capacity to keep innovating and in parallel to that maturing important aspects of operational excellence.

So, going a bit into the figures, a bit about the growth, we reached a number of customer where we have growth over and over, and the pace of increase we have 14 million clients, so we have 8% growth in the third quarter, we have 8% over the third quarter, so we're talking about 8 million new accounts and the acquisition of clients still health at 30,74 although there is an intense competitive market in terms of opening accounts, so we were able to keep and we were able to really have a reduction in cost. And in terms of cross-selling index, we're still growing, and we were 17% growth in a year, reflecting our capacity to be able to have the sales of the next product to our customers. This is and will keep being important for the next years for Banco Inter, and we've been able to deliver.

Our active customer base is still solid, and two points to be mentioned about the cross-selling index growth is that: first, it grows significantly compared to the previous cohorts, this shows our capacity to increase value in all cohorts, so it's not just the new cohorts that come with new products, but as we release new products much sure that we are able to make that this product penetrating the new and older cohorts, this is true for credit card, among other products.

And one other point that I'd like to highlight is our delivery when it comes to revenues in growth of intra products. So, this is a good example, we also have that in our release, one is the demand deposit that rose four times when we think about different cohorts, 15 months after the first quarter of relationship, and also the revenues of card that grow 50% every 12 months as relationships get mature. Our NPS are at a great level, 84.

So, going a bit into the figures, specifically when we talk about day-to-day banking, we have reached 9.2 billion of demand deposit with solid behavior with average per customers, so we're talking about keeping our pace over 20% from what we had

before, so we see that again.

And as it was said in the previous call, we saw throughout the third quarter much growth in terms of credit cards, so again, we can see that including...

[translator: excuse me, there's no audio in the booth]

**Operator:** You can resume, please.

**Alexandre Oliveira:** So, we're still exploring opportunity with our customer database and also with the new entrants with users increasing for credit card, increasing the penetration of our product as our goal.

And talking a bit about Inter Shop, we have delivered another excellent growth for the quarter, over 20% growth of a GMV reaching 46 million, the revenues of take rate reached a high figure, and activity of customer was again very healthy, so 70% of customers that bought at Inter Shop were recurrent customers, so they come, they enjoy, and they're back, and also, we were able to add 438,000 new customers that were able to go for the first time to the platform, increasing the penetration of Inter Shop, over 6 million transactions. So, just to reinforce that, over 6 million transactions on Inter Shop just for the third quarter.

And in terms of investments, I believe that the main highlight is the growth of revenue, so it was a quarter that had much pressure because of the equity drop, and we were still able to have over 70 billion in our balance where we were able to have really an increase there, and the revenue came as very strong, so 137% growth year over year, under 16% quarter over quarter, showing material results when it comes to the focus.

and in terms of contribution, we had an offer where we took part in 11 public offerings, so that's something that we are always on and we've become stronger and stronger, and this is because of the partnership with ABC Bank, that has been quite rich.

And in terms of insurance, we also had a great quarter, we reached 683,000 policyholders, a growth, we're already at 2.5 million in the first quarter, and also focus in that has become clear, so this revenue that is increased gets more and more solid, and our strategy of sales also is expanding so not only for one product, but many products where we're able to reach success in this process to take advantage of the journey that we have in our Super App.

In one year alone, we were able to multiply the policy holders four times, and that credit is still a highlight in a positive manner, where we're talking about this being possible with our database. We reached 16 billion and broaden credit portfolio.

And for market share, we have closed the gap in this avenue in terms of the markets that are well-established, where we have a space to grow. And what is the gap we're talking about here? In terms of volume of bank transaction that is very strong for Inter with 8 to 9% of the Pix transactions are at Banco Inter, and with credit we have about 1%. So, where is the way to pave? To have this gap here taking into consideration that will bring growth to us.

Some financial figures we grow at 149% compared to the previous quarter, we reached 869 million for the quarter, we grew 157% our revenues of service comparing also with the same quarter of 2020 reaching 346 million, we kept the penetration of the revenue services, which is 48% of the total revenues is in service, and lastly, we closed the quarter of 19.2 million based on index reaching close to 50%, much space to our business plan.

I'd like to thank again all our stakeholders, our customers, our shareholders, and mainly our team that is more and more united, multi-disciplinary, trusting and knowing that working together we can be stronger.

I'd like to pass the floor to Helena, who will bring some important highlights. Thank you.

**Helena Caldeira:** Thank you, Alexandre. Good morning, everyone, thank you for being here with us for one more earnings call.

We are highly engaged and excited with our process of corporate reorganization, so on May 24th we released a material fact, so we have legal and financial consultants, and we already have the design of the new structure, and we are aligned with our timeline, where we will need to have all approval in Brazil as well as the whole process of licensing in the United States. This is all confidential for now, but we will keep our commitment to make the market informed of our next steps once we have more relevant news.

I should also take this time to thank you all for the relationship and trust with us so that we can actually have this major milestone in the company.

And that was the main highlight, and that way we can carry on for Q&A. thank you.

### **Question-and-Answer Session**

**Operator:** Thank you. We will now begin the questions and answer session. If you'd like to ask a question, please dial star one. If you'd like to remove your question from the queue, please dial star two.

Our first question is from Eduardo Rosman, BTG Pactual.

**Eduardo Rosman:** I have two questions here. First, there has been much question and we see that the provisioning has changed year over year, and I think it's normal because you're growing more in credit card and this provision is bit upfront. So, I'd like you to explain a bit more about how is your coverage rate, why is a bit lower if we compare with the major banks and how should we think about this evolution of expense provision when you think about the next years to come? So, that's the first question.

And the second question is related to the new app, where are you started with the new app with marketplace for non-account holder and there are some problems of fraud, I know. And I'd like to know a bit about the standstill of the app and when will you open again, what were the major problems? Thank you.

**Operator:** Go ahead and answer the question, please, your mic is on.

**João Vitor Menin:** OK, can you hear me? I guess you can. OK, great. Well, in terms of the provisions, we just had the numbers disclosed in advance, we never had a provision, we had for the first time because of all the questions, and I believe you even answered, Rosman, because there are two components: when it comes to the greater growth of PDD, we have one that is very strong with credit, as you can tell, and it's a very healthy, however, we have an upfront of provision that's very strong. As I mentioned already, if it was a continuous cycle, if you get to a quarter, you already get what was going fine and smoothly so then you have the underwriting, so you have a quarter over quarter, so you need to have more provision upfront.

In terms of the coverage, this is something that we have been working on in the market and I believe today with all the volatility in the market, with the economy, inflation, which we think is essential, we have a level that is very strong. And what does that end up doing? Well, our coverage then is a bit to lower. If you have, for instance, with our famous [unintelligible], which is nearly zero and sometimes even positive, so you don't really need a coverage level as you would have one that would have a bit more delinquency.

This is in terms of coverage. And another analyst here made a comment about the coverage of corporate portfolio, business portfolios, I would say something that doesn't make sense because it's a very quick one, it's 30-45 days, so you don't have that, you either provision it or you receive it. So, just to make it clear in terms of the rates for SME.

And for non-account holder, we invested much time and money in terms of that part, and I was and I'm still excited with all these approaches, I believe we need to get our platform open not for non-account holders, non-Brazilians, and I think that is essential. However, we have to do things quickly here at Inter, but we also measure, and we quickly fix them.

So, in terms of the app for non-account holders, the first vertical we had here, which was Inter Shop, we had more fraud where the person would get a card that wasn't theirs and would buy a high price, like an iPhone, for instance. So, we saw that really quickly, that was the good side of it, and I believe, I mean, we're working pretty much as a retailer, we were a bit naive, but that's OK, we already fixed it, we got that out and we were able to really swiftly be able to have that tokenization and we're already up and ready.

So, I'm really trusting to be able to safely sell to a non-account holder. And now will have the second product, which is Inter Cel, and there will be another one, which will be our insurance.

So, we have had a delay in our road map, but that's OK, it's part of the game and I'm still very excited and we need to be ready to work with our customers and non-customers and all the verticals.

I believe those were the main points, Rosman. If there isn't any other question, we can go to the next one.

**Eduardo Rosman:** Thank you, João.

**Operator:** Our next question will be in English from Jeffrey Elliott.

**Jeffrey Elliott:** Hello. Thanks very much for taking the question, especially in English. On that expansion of Inter Shop to non-account holders, can you just give us an update on exactly where you stand now? Is it open again, is it being advertised? How many non-account holders are currently using it? Just a bit more detail on where things are right now. Thank you.

[...]

**Operator:** Since you answered in English, we weren't able to translate, so Jeffrey couldn't hear your answer. You need to get that in Portuguese, please.

**João Vitor Menin:** Well, Jeffrey, I'll speak in Portuguese to make sure we get the translation, it seems like... anyway, there was a problem, but I'm very excited with the non-account holder product, it's much space, we were pioneers, we released a product, we took a bit longer to develop it, but in any case, it's been two months, we had some chargeback issues at first and we quickly removed it and fixed it and we already have it up and running, and we also have the possibility of buying with Inter Shop, but also of using different payment methods.

So, Inter account holder that uses credit cards from other banks, debit, credit, and in the future other payment methods, as Google Pay, PayPal, so we will have a broad number of customers and payment methods, and that way I believe we will bring



much sale to our Inter Shop.

So, we're very excited and we started upfront where we had a bit of issues with chargeback in the beginning, we fixed it, and we're ready to play and be part of the game again. We're excited.

**Jeffrey Elliott:** Thank you.

**Operator:** Our next question comes from Flávio Yoshida, Bank of America.

**Flávio Yoshida:** Good morning, everyone. Congratulation for your results. I have two questions. The first one is related to growth. We see that there has been strong growth over the year, but I believe that the future scenario is more challenging. So, I'd like to understand a bit more how your mindset is related to your growth for next year and how are you in terms of what you're most excited with and where you can see more challenge in terms of growth.

And the second one is related to CAC. so, CAC showed an increase for this quarter of nearly R\$31, I think is the highest ever, I know it's not a high CAC per se, but there was a growth there, an increase I would say. So, why? Why was that the case? Do you have more tight competitive scenario? Was a heavier marketing effort?

So, these are the two questions for my side.

**João Vitor Menin:** I didn't get your name.

**Flávio Yoshida:** Flavio.

**João Vitor Menin:** I apologize, Flávio. OK, Flávio, growth. Let me go back to what I said in the beginning. We are very glad to see that we have a balance revenue between services and NII. So, let's think about this, market with all the turmoil in 2021 and forward, how are we growing in a consistent manner and sustainable? With revenue service I would say it's a no brainer where we will just keep investing with our shopping, our insurance, our interchange. Fine.

When it comes to NII, we have been growing quickly in a way that has been quite vigorous with our credit portfolio. There are two main points: one is that we are able to grow with a robust number without needing to do a bad underwriting. When it comes to charging customers in their payment, we have a diversification of NII revenue that is very interesting and much greater than what we see in the market. So, this makes us feel more comfortable when it comes to growing and keep growing with our NII; and the other is in terms of a quality of deposit that allows us to have the best customers in Brazil whatever product it is, real estate, payroll loan, card, SME, so also the advantage to have a diversified portfolio, we have shorter ones, which allows you to fixed interest rate, to make the commercial changes.

So, we are paying attention to it, but we're not concerned, we worked, positioned ourselves to be this way with a diversification of revenue, of NII, in service NII specifically. I believe it's a greater concern when it comes to the scenario, diversification also, hedging good match of duration that allows us to really have a quick move when it comes to growth from here on.

When it comes to CAC, I believe you said it yourself. Obviously, when you think about the percentage, you're like "wait a minute, it increased", but actually, nominally, it's very low. But, yes, it's the highest ever, so obviously we're no bubble here, I mean, I have to say that we're very proud to say that we have been amazing in terms of our CAC. I mean, but we're no island, we're not a standalone institution, I mean, but we're reacting with an intelligence manner, in a focused manner. And why? I mean when it comes to perception of the quality of the value proposition of Inter, full, free, digital, Super App, all that really helps us grow.

Don't need to have a lot of expense as other competitors, but when we have a market that is tighter, you need to have a bigger effort, but if we think about this growth of this R\$3-R\$4, half was marketing and half was Opex of a higher cost of card shipping and also inflation. We can see that when it comes to marketing, it's a bit stillness. We still feel comfortable, but again, we have tools, capital, money, know-how, people, process, and team to compete. So, we can say "oh, we shouldn't compete", no, we will work smartly, focused, and will keep delivering growth with a comfortable CAC, so better formula, good CAC, a good LTF, I mean, we need to really have that all work well. So, we feel comfortable with this formula when it comes to CAC.

So, I believe it's a bit about.

**Flávio Yoshida:** Thank you.

**Operator:** Our next question comes from Pedro Leduc, Itaú BBA.

**Pedro Leduc:** Thank you, thank you for the question. Good morning, everyone, João Vitor, Helena, Alexandre. Congratulations for your results. And I'd like to explore a bit more about NII with credit.

In terms of credit portfolio, we see NPL better than what we've seen in major banks, but in terms of credit, we see that there was a bit less of a growth, so I believe that you had a good position at NII in the market and you thought, you know, you would have the protection of funding costs, so I'm sure you took advantage of keeping increasing share there.

But in terms of funding, we see that it's been increasing and it's still growing. So, with the indicators in terms of quality credit, we also see that. When we see that the industry is changing to have that interest growth to get the funding at the right point, do you see that you're still there seeing a possibility of adjusting the rate and still

being competitive, but maybe closing the gap a bit more? Can we imagine a credit underwriting that can be a bit more from now on?

**João Vitor Menin:** Well, Leduc, that is a great question. Let me try to see if I can break that down. I believe there is a concern of keeping a healthy rate. that's the first point. But let's think about this, we have a level of assets compared to capital that is very low, we're talking about 16 billion of a broad portfolio, so with a capital of 9 billion, so maybe it's the commercial bank that is less leveraged maybe globally.

Why am I saying? Because even with that pressure, we're still growing to have a leverage on NII. So, we do have that condition, we will keep growing.

So, obviously, we want to adjust our NII, but there are two elements here: one in an active way, the other one in a passive way. One is that we have been able to really capture much, so we are able to have a liability that does not grow, which is demand deposits, so this is for the low-cost product so that we can respect our process so when it comes to short-term, we have an increase in funding, but they are within an index where they also do grow.

But what I find to be interesting in the short-term product that will suffer - let's talk about inflation that is higher for the next 12 to 24 months -, it is really quickly, you can fix it really quickly, so if we think about our supply chain portfolio that has been growing fast, it's easy to fix with the SELIC because the whole market can do that, we have space for that, but the longer one, where we want to maybe to focus a bit more, like real estate, if we think about growing more the leverage of the bank, the 30-year portfolio we need to think about more mid long term. So, maybe there will be a bit pressure for the next 12 to 18 months, but a horizon of 30 years that is not really representative.

If we take a look in our track record in Brazil, we see the rates of 12 at 4-5 years ago with SELIC higher, when the interest rates dropped quickly in Brazil, the portfolios were just I'd say eaten up, I mean, the whole market absorbed it. So, I think we need to have a balance of the costs we have now, obviously we are repricing gradually, but not abruptly, but I believe we must think about the interest in the medium/long term real estate with the longer ones, and the shorter ones is faster to fix, and it focuses more on SELIC.

So, all of that to say that I feel comfortable that we will not have a pressure going ahead. That's where we stand and that's how we see it in terms of our NII result from here on.

**Pedro Leduc:** Thank you, thank you very much.

**Operator:** Our next question comes from Iuri Fernandes, JP Morgan.

**Iuri Fernandes:** Thank you, thank you, João. I have many questions here, but I'll try to limit myself here to 3.

The first is about expenses. I thought was really good your administrative expenses and we start to see like data processing, communications, banking services where starts to get some operating leverage, where we see that clearly, and the question is how should we see the expenses, this gap? Is it something we start seeing now in 2022? If you could maybe help us, give some metrics if it's closer to 75-80% today. And thinking about your scalability, how should we think about that in terms of how would it drop? This is the first question.

And the second one is a renegotiated portfolio. We like the quality you had, NPL already showed clearly and the credit card increasing 80, but still NPL formation is really good, but the question that we have is about the renegotiated portfolio. We see that the total portfolio and the discounts that were renegotiated also increased. So, my question is trying to understand why there's an increase, it's because you're growing more in terms of credit? Just so I can understand a bit of where we're at there.

And a third question is in terms of the revenue distribution, and the partnership has been improving, but I want to see that from now on in terms of how you see, your view that it will keep being that way. If you can talk a bit about the Inter Week it will be great because we've seen a bit of advertising there and it's really a great tool to bring engagement for anchor, which was really good, but there was much help of market revenue.

We see that there's a follow-on with a CDI, and if you adjust with the follow-on revenue, you can see that the ARPU can drop. So, it's pretty much of Henrique's question in terms of credit revenue, it's better for us to understand a bit more and see how this ARPU can grow.

I am sorry, I had many questions.

**João Vitor Menin:** Iuri, I will refer to the first, third and fourth, which is ARPU, and Alexandre will refer to the other one. So, in terms of the first one and this leverage, this operational leverage, that is a true, and in terms of the inflection point and it's interesting to say, as I mentioned in the beginning, I don't know if you were here seeing in terms of the expenses of Inter, there's a split: first is upfront, we already generate expense, but we were still able to reduce and some expense is over the whole period, so we're being able to do that, and I believe, I mean, that this shows a trend of improvement. And why? Because at the end of the day, I believe that's not that we're just creating the wheel here, it is just something that I like to talk about, much is such small improvements, like communication expensive diluted per customer of processing, so this operational excellence is an important word for us in 2022, and that allows us to be very good when it comes to recurring expenses other

than the typical you have with growth. I believe that's an expectation when it comes to 2022.

Let me skip two, Alexandre can refer to it, and the third were Inter Invest. Well, sure it has been really great, we really got much engagement, this is our second edition, this is a bit even, more heated up than the first one not just because we just have more customers, but we worked really well on it and it's much more exciting than the one we had in 2020. So, this will bring more and more monetization.

In terms of the revenues, I believe that the we might not have shown as much, but there is a diversification of revenue that is great at Inter invest, so it's not that we have in terms of trading a dependency on other aspects, we have a great diversification so we have treasury bonds growing, so it is really great where we're at, and again, Bottino has been with us for 8 to 9 months – 9 months, right? – and has done great work, and I believe we will not increase our Inter Invest only with customer, it won't be a perfect increase, we will see ups and downs proportionally speaking, one quarter with a bit more revenue than other, but there is a very positive trend in terms of people using the platform, consuming the product, and that's a very positive.

So, that will bring revenue to us, and even with a higher SELIC, you can even have a capacity to expand that a big grater. So, I believe that's another truth also in terms of managing the funds. So, for Inter Invest, that's the positive side.

ARPU, I say that it's very easy for us to talk about, “oh, the ARPU wasn't that good because look at this, and look at this or that”, I would say that actually there will be quarters you have a greater contribution of treasury, the other one where Inter Shop is greater. That is just a comment, I mean, let's not try to look at Inter just quarter over quarter because there are variations, but let's look at the trend, which is quite positive. Why? Because although on one quarter you have one greater contribution of a different element, they're all growing. And I say that it's easy to see that, which is our cross-selling, people are consuming more products, and when we talk about treasury revenue, as you mentioned, we need to have a balance, things are not a standalone point.

I can only use resources on my treasury if I have deposits on the other side otherwise on the revenues of credit, which takes a bit to get, I mean, we need to think that through, so to have a solid cash that comes from many parts, you need to have the deposits there to be able to do that.

**Operator:** Ladies and gentlemen, let's wait for the speaker to be reconnected.

**João Vitor Menin:** So, I just wanted to address that, and Alexandre can talk about the PDD.

**Alexandre Oliveira:** Hi, Iuri. How are you doing? Iuri, I believe that the renegotiation is something that has some components that have to do with the size of our portfolio. This is initially that started with Covid period specifically where we had many transactions that were renegotiated and were also delayed to help customers go through that so then we had a renegotiation portfolio created, and that's the first aspect.

There is also in terms of the growth of the credit card portfolio, which is an important component, where we have reached maturity and very successful in collecting being able to have a default rate much better than what the market is, from 35 all the way to 50% of recovery, that ones that have more than 90 days delay in the portfolio, and this is renegotiation with customers, and we bring that transparency here.

and I believe it's the whole management of the portfolio itself. We see much opportunity to be able to help customers to have a management in conservative manner, so we even have the level of provision which usually is greater, but we work from a customer standpoint, we want to have a long-term relationship with customers, we have recurring businesses with them, an approach that is more aggressive in terms of collecting is not constructive.

So, that's where we're at in terms of the renegotiation, so I believe it was really good write-offs, it was a really healthy also provisioning, we have evolved greatly.

**Iuri Fernandes:** Thank you. Thank you, everyone, for all your answers, and congratulations for the results.

**João Vitor Menin:** Thank you.

**Operator:** Our next question comes from Jorg Friedman, Citibank.

**Jorg Friedman:** Hi everyone, thank you for this opportunity. I have two questions. the first, João Vitor, you mentioned a few times during the call about the problems of Inter Shop and the increase of the chargeback, but when we look at the breakdown of other operational expenses, chargeback for the quarter of 0.2 is very low, right? So, we can't really see the chargeback there and the problem you had figure-wise.

I don't know if that should be shown in any other line here with other expenses, I see here reimbursements, and if you could make it clear where that effect is and how much it actually was in terms of absolute numbers for chargeback of the quarter that could help us a lot. That's the first question.

And the second question, we were analyzing here, although you are not really showing the breakdown of NPL of cards and other products, when we look into the NPL that you already give us, we realize and calculating here bottom up that the NPL of card increased greatly, 95 basis points to 6.7 here, 6.7%, which is more than

4.8% reported by the system.

So, I would like to understand the here if that's how it is, if this figure makes any sense and if you have noticed that more because of the attempt of increasing the concession of card with customer onboarding, if that's what you expected. Thank you very much, and again, congratulations for the engagement and the investment on revenues, I think you're really paving the way.

**João Vitor Menin:** Thank you. I will respond and then Alexandre can add with his expertise. We don't see a deterioration of our credit card portfolio. Quite the opposite. So, we still and we are more trusting our model as we see it, more confident about it in terms of underwriting for credit card limits, so there is a greater one if you think about two months ago, so it's not that we're losing. No, we did what we felt comfortable with. First, we tested so we were able to increase and not increase and then see what would happen.

So, as Alexandre mentioned, our map has an import aspect, you have to get a good concession, good charging, and a good experience so you lose that person, because that individual is very important, they need to have a good experience, you need cash back, you need to have the right limits. So, I believe that is really well-balanced with the card. That is our mindset here. Good underwriting, good charging, and many transactions. So, this is in terms of card.

And the second one, which is related to chargeback, obviously we're not going to disclose all the information of Banco Inter because I don't believe that is the case, but in terms of what we have, is that it's not really a big number, it's relatively small, just to put that into perspective, and that is something very small and not very significant. Bad, but not quite significant. So, I believe that has already been fixed, we should just carry on now, and it's good to have an important learn quick and to have a better product with higher added value so we know exactly how to work with it. We learned, we fixed it, and we're back up and running with something that is safer, and we will keep our process because we have a very low chargeback level at Inter Shop for our non-account holders.

And Alexandre, if you would like to add anything, please go ahead.

**Alexandre Oliveira:** Thank you, João. Jorg, I think I should add also...

**Jorg Friedman:** No, go ahead.

**Alexandre Oliveira:** Well, to add just really quickly about credit card, I believe we should say that today we run with an expected loss of around 5%, which allows us to have an appetite of have a higher NPL of what we present.

So, what is this underwriting, what is 5%? Is the mix of expected loss of the many

groups of customers that we concede a credit card limit. So, we feel very comfortable with that growth, adhered to the models and also the cashbacks we have had are really good, so we're quite comfortable to be able to carry on, keep growing. So, I believe that's where we're at.

**Jorg Friedman:** OK, thank you. And one last point...

**Alexandre Oliveira:** Oh, I just remembered what I wanted to say. Just really quickly, there is reimbursement, which was the last one you asked about, chargeback.

**Jorg Friedman:** Oh, that's right, that's what I was going to add.

**Alexandre Oliveira:** It's very small.

**Jorg Friedman:** OK, thank you. Thank you everyone.

**Operator:** Our next question comes from Tiago Batista, UBS Bank.

Tiago, please, you may proceed.

So, Tiago Binseld, Goldman Sachs.

**Tiago Binseld:** Good morning. Just a quick question here from my side. In terms of the use of proceeds of 5.5 billion, in terms of the speed where you'll have this resource running, and also if you talk about the organic and inorganic use of the resources. Thank you.

**João Vitor Mein:** Well, Tiago, yes, it's become very clear, we see this growth of credit card portfolio that you see, or credit portfolio, I mean, so it will be important to have in place where it has a good profitability, but there's more leverage space. So, we were only able to go through that, I mean, it's no longer something that we can go all the way through, we could have been a bit less with our follow-on. When we talk about general corporate purpose, we have our restructuring that we should not give the details of how that will be because of a quiet period, until we release that in the adequate form, but we have a support of capital and regulatory that helps us to go through the restructuring in a very healthy manner.

So, I believe that the three points, growth, corporate general topics, and M&A are being followed up on strictly, so I'm more and more satisfied of doing the offering as we did, at the size we did, with the partners we got, Stone and major partners, so I believe it was well done.

And I always say that I know that some of our shareholders, I wouldn't say they criticize, but request from us more aggressiveness in terms of expense, marketing, and leverage, and I always say that the insurance should always be the last to go.



That's the saying I use, I mean, we need to have the diversity in the market, and it's really good to have the right capital on and we're working strong as I talked about the regulatory aspect where in terms of the regulatory aspect for the corporate restructuring we're really doing well there, and we feel very comfortable so in the middle/long term it's something that's always worth it.

So, that's a bit of how I see it.

**Tiago Binseld:** Thank you, João.

**Operator:** Our next question in English comes from Neha Agawa, HSBC.

**Neha Agawa:** Hi, thank you for taking my question. This Neha Agawa, from HSBC. My question is more on the impact of the higher rates that you could expect on the behavior of the loan portfolio, probably mostly on the real estate loans. If inflation remains high, rates are high, do you see an impact of that on your real estate portfolio in the coming quarters?

And then, on the margins as well, if I just look at the yield on loans, on the lending portfolio the yield has been going down. Where do you think it should settle in the coming two years, three years' time and how do you see it evolving in the coming quarters? Thank you so much.

**Operator:** We can continue, let's wait for the speaker to be reconnected.

**Alexandre Oliveira:** Neha, for real estate alone, we feel very comfortable with our portfolio, we believe that there are some dynamics that's what we expected, there's one in terms of repricing the credit, which we will have to follow up on and see how that mirrors the volume of underwriting. But since our penetration in the market is small, it should... can you hear us?

**Neha Agawa:** Yes, I can.

**Alexandre Oliveira:** So, since our penetration in the market is small, we shall continue to have a growth potential that is big. In terms of delinquency with real estate loans, we see a potential, in Brazil there is quite uncertainties, and it will really depend in terms of the macro scenario in Brazil and how that will mirror real estate loan.

But we shall remind you that it has an LTV that is very low with a default that is close to zero. So, I don't think this is a concern per se, we can see an NPL with a bit of increase, but it will recover through the recovering of assets as we have the foreclosure process.

And to in terms of the portfolio as a whole, I believe that we will need to have an

active management, João Vitor mentioned that with one of the last questions, so we should really seize the moment of repricing the short-term portfolio, we have a high volume of underwriting and short-term portfolio where we're able to recover that in a very good, quick period of time, and that way we have another element that is favorable as well, which is the increase of the SELIC rate, where we have a demand deposit that is increasing, and this brings a contribution to a NIM that is positive.

So, I think it's really active management to bring stability and also a certain level growth with NII.

**Neha Agawa:** Ok, thank you. If I can just follow up on the asset quality, you improved the coverage ratio slightly in this quarter. Do you plan to gradually build up coverage over time? I know you are comfortable with the 100% coverage or around there, but do plan to gradually improve it over time or should we expect somewhere around 100 in next two-three years as well? Thank you.

**Alexandre Oliveira:** Neha, there is a natural action of increase of the level of coverage because of the evolution of the portfolio mix. So, historically, we had a portfolio with real estate and payroll loan as prevalent, and as João mentioned previously, these are portfolios that run with a lower level of coverage because the delinquency is very low and also a rate of default very low, so that's why you have a lower coverage.

As the credit mix increases, the coverage will increase progressively, but on average, it shouldn't go much beyond 100%, which is the number you said yourself.

João, would you like to add anything?

No, that's all. Thank you, Neha.

**Neha Agawa:** Thank you.

**Operator:** So, we should now close Q&A session. I'd like to pass a floor Banco Inter for his final remarks.

**João Vitor Menin:** Well, João Vitor here, once again thank you for being here all you present and very Interested in our development, and hopefully we were able to help you all and everyone that is here listening to us to understand a bit more about our numbers, our results, our trend, and our outlook into the future.

We are very excited, confident, paying attention to the market, it is tough, we know, but we are very excited. So, we are down to earth, but up in cloud nine as well to carry on strongly excited. Thank you every very much everyone.

**Operator:** So, the earnings call is closed. Thank you for your participation and good

morning and thank you for using Chorus Call.