

**Local Conference Call
Banco Inter S/A (BID11)
2Q21 Earnings Results
August 12th, 2021**

Operator: Good morning and thank you for holding. Welcome to Banco Inter's conference call to discuss its results for the second 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 questions and answers session when more instructions will be given. If you need any assistance during the call, please request to help of an operator by dialing star 0.

This conference is also being webcast live and it can be accessed through ri.bancointer.com.br, a replay of the conference will be available right after it's finished.

We'd like to remind you that those you watching through the webcast can send questions to the company through its website and they'll be answered after the conference is over. 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 expectations about the future of the company based on information that is currently available to Banco Inter. Future considerations are not a performance guarantee because they involve risks, uncertainties and assumptions referring to future events that therefore may or may not occur.

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

Mr. Menin, over to you.

Please, hold while we reconnect.

You may proceed, Sir.

João Vitor Menin: Good morning everyone, it's a great pleasure to be with you again for one more conference call.

So, we're going to do what we always do, I'm going to speak for a bit and then Alexandre will tell us about our results, then Helena will tell us about the milestones we reached in the capital market and then we'll open up for questions.

So, I'd like to do things a little differently during this call, I usually talk about products and results and about tipping points and revenue and income, but I'll leave that to Helena today, I'd like to use our time in the best way possible so I can tell you, our shareholders listening to us, about the biggest delivery that we've had in the last couple of quarters, which was building our best asset: people.

I don't know if you know, but we passed the milestone of 3,000 employees this quarter which is very important, but that's not only, you know, 3,000 people, we really have 3,000 entrepreneurs, they're the ones who allow us to launch products, expand our revenue, improve our products every day.

About two weeks ago, I say that we didn't spend, but we actually invested two weeks so that we could work with our entrepreneurs, our executives and employees, we had two very good weeks, we worked on career plans where we encouraged them to be protagonists, to understand the company and to be resilient. This is what we're basing ourselves on here at Inter so we can be a stronger brand that delivers more and that retains and provides more value to our greatest asset, which are people.

During these last two weeks, we heard a few speakers who gave us some great messages about their struggles, how to overcome achievements and challenges, and I think what Inter did in the last years was very close to what these speakers described to us, we were able to be protagonists and we had all of the technical background to deliver what we have delivered so far. But the greatest thing about this is, as our team expands with our culture, with our way of doing things and as we really prepare our people, I have no doubt that Inter will continue to deliver a lot in the future.

So, you may ask, you know, this is an earnings call, so what is the point of talking about that? Well, results are a mere consequence of our team, this is the biggest asset for Inter, we don't need oil like Petrobras or paper like Suzano or ore like Vale; our biggest asset really is people. So, the best way of spending time with our shareholders and to be closer to you is to tell you what we are investing in the most, what makes us more excited, and what's the biggest assets that we have, and that truly is people.

So, I'll conclude by saying that here at Inter we say that the blood of our employees is orange, what runs through their veins is orange blood, but there's another great thing people say that what drives the world is oil, but actually it's willpower. So, I think we have this in our employees, the resilience, the protagonism, and I have no doubt that what we were able to achieve in such a short amount of time is only the beginning, this is only the first stage, the first half of the game, there's still a lot to be

done, and I'm sure that we have the best team today and we're going to reach better results and you'll see this in our financial disclosures, as Helena will discuss soon.

But this is the message that I, as a CEO, wanted to give to our shareholders. I hope you see what we have in our hands, which is this greatest asset, the 3,000 employees and entrepreneurs we have.

So, I'll pass it on to Alexandre and then we'll return there in the Q&A.

Alexandre Oliveira: Good morning everyone and thank you for listening to our conference call.

As per usual, I'll go through some of our highlights, so once again, it was a very strong quarter which underscores our momentum as a business, we're growing a lot, our business is a scalable and resilient and we have a lot of opportunities to explore, both in our existing basis with our 12 million clients and with the new clients that we are getting as the business evolves.

Our trends have kept up very well, so we overcame some of our internal measures like ARPU, cost of service, and the service quality as well. So, we followed up on several measures, some of them are here such as NPS, the number of complaints in the Central Bank, App Store, Reclame Aqui and we had a great evolution in all of these measurements. Our team continues to evolve, so we are developing structuring capacity to deliver these opportunities as we grow, and we're still focused on having operational excellence.

So, this is at the core of our agenda and we're adding it to our culture, which has innovation as one of its main pillars. To tell you a bit about the figures, I'm going to go into our platform starting with the client base, engagement, and unit economics. So, we reached 12 million clients with a growth of over 100% year-on-year, we reached higher number than we did in the first quarter and we had really disproportional growth in the second quarter, our service revenues were higher than in the last quarter and although we suffered some cost pressure, we were more efficient, our cross selling index (or CSI) and active clients, which is monthly active users (or MAU) maintained their positive trends. So, CSI went up 5% on a consolidated basis and even in our oldest groups we were able to increase more than 1% in the activation index.

And what do these indicators show us? We don't have any mature groups in Inter yet, we have a lot of space for monetization in new, older, and median groups, so we are still falling short of our potential and our mission is really to reach that potential. Our NPS was 84 points and to tell you a bit about day-to-day banking, we had a great evolution in demand deposits, 8.3 billion, and the average per client was also higher, so this was a 20% growth in demand deposits. Card transactions did very well, 9.4 billion, a 24% growth quarter-on-quarter. And how have we advanced?

We've been getting more comfortable with credit card products and we're learning about it over the years, so we managed to have better limits which are more proportional to our clients' demands and we think we're ready to continue evolving, we moved forward very well in three aspects: experience, product including a loyalty product focused on cash back, and credit models and policies. These three elements are very important too and we believe that we're doing very well there. That has helped to drive this disproportional growth, which I think we can expect for the next quarters.

So, as we become more comfortable, we start believing that disproportional growth in cards is something that we can expect to get a greater share of wallet. This is something that we might have left behind before and now we're bringing into Inter.

Now to tell you about Inter Shop, our marketplace, we once again had a great quarter, so although online retail is apprehensive because of brick-and-mortar stores reopening, we reached a 774 million GMV, our take rate reached 56 million, it grew by 36% this quarter. So, again it was disproportional. For the first time, we reached 7% of the average take rate, actually we have 7.2%, and Inter Shop is getting consolidated, but it's doing much better now that we have the partnership with Stone, which Helena will tell us about soon.

Now on investments, we had another great quarter, we reached a 63.5 billion, we reached 1.7 million active clients, out of which many of them have great shares, so we're maintaining them with diverse products and revenues grew 9% reaching 16 million. So, there's still a lot of potential here, but we're moving in the right track.

Another important point was the partnership we started with ABC Brazil Bank, which Helena will also describe soon. About insurance, we had another record-breaking quarter for this avenue and it's also progressing very well, we reached 532,000 policyholders, the penetration of insurance products reached 4.4%, so that underscores our belief that we can sell insurance at a large scale digitally, so that was a question mark that we had in the past and it is now being erased as we reach 4.4% so quickly.

And we continue to generate revenues, 21.6 million generated for the second quarter, and we also advanced the platform significantly, we launched digital health care plan with QualiCorp, several products also evolved, and we had a higher penetration of several products, like dental plans, which was a product that really did very well during the quarter.

About credits and loans, we can see that the credits area reinforced a change in growth origination and in our portfolio. So, we maintained our strategy to build origination based on direct relationships without intermediaries and we reached 3.3 billion in our credit portfolio. So, it was 108% growth in the last month. So, this was excellent, our entire team deserves kudos. And just something that I had mentioned

in day-to-day banking, the highlight here is the comfort that we have to grow in the cards' portfolios. So, we can expect that this will evolve significantly.

Finally, some financial highlights. We grew 109% in total revenue versus the second quarter 2020, we grew 164%, again disproportional growth in service revenues versus last year, 265 million, and that represents 48% of penetration in this services revenue. Finally, our profit was 18.2 million Basel index 19.6 X, but we're going to a higher level than that considering our follow-on which was approved by BACEN in early June. So, we'd like to thank our several stakeholders, clients, shareholders, and especially our team which has been growing, strengthening itself and being more united to deliver on our purpose.

So, I'll pass it on to Helena, who's going to talk about our partnerships, follow-on, and some other events that took place during this quarter.

Helena Caldeira: Thank you, Alexandre. Good morning everyone and thank you for listening to this conference call.

I'd say that this quarter was marked by more than just the financial and operational results. So, at the beginning of the quarter, we started a bid on, and the area negotiation volumes have gone up, it has gone over 210 million in the last 90 days. We also started great partnerships with ABC Brazil in the investment areas, we decided to accelerate origination from the capital markets, and we've already started to collect the results. We have some operations concluded and we have five additional operations in our short-term pipeline. We also started a partnership with Stone, which incorporated our follow-on in June this year, we captured R\$5.5 billion with an investment of 2.5 billion by Stone and we were strongly supported by our shareholders basis, our local investors, and international investors.

From that investment from Stone, we started having deeper commercial partnerships and we've had frequent exchanges with teams and talked about new opportunities to work together. This is interactions that have taken place in person and online making use of this moment to really get closer and make these things happen. So, we're very happy and confident that the ecosystems created by the two companies will be very good for the online market and also for the hybrid market, online and offline.

We believe that our culture, our execution capacity, and our strategic vision are really in line. So, we really can execute these plans and we're excited for that. We've also been working on well with our assistance in reorganizing our corporate structure. So, we're trying to find a proposal that will make sense to all of our stakeholders, and we hope that we can maintain our growth without any limiting factors so that we can continue in our strategy through partnerships, through acquisitions and through new captures.

So, this has been a great order and will now open up for questions, thank you.

Question-and-Answer Session

Operator: Ladies and gentlemen, we will now begin the questions and answer session. If you'd like to ask a question, please dial star 1. If you'd like to remove your question from the queue, please dial start 2.

Our first question is for Mr. Tiago Batista, from UBS BB.

Tiago Batista: I have two questions actually, if you'll allow me. First, we saw during this quarter important growth in cash back. Did that happen during Inter Day? I noticed that your take rate was very good, but your cash back went up significantly and I'd just like to know if this happened after Inter Day.

And another question about your marketplace, you talked about trying to expand or use the Stone concept in your marketplace, and what do you need to provide to this client? Is there any logistics behind it, is there any additional work that you have to do from what you already do in order to plug in, you know, an average client?

João Vitor Menin: Hi, Tiago, this is João Vitor, thank you for your question. So, I'll tell you about cash back first and then we'll talk about the value chain. So, my perspective is this: obviously, when you look at Inter Day, which was on July 7th, about midway through the quarter, right, our sales volume was very significant. Obviously, as with every retail initiative, we have cash back campaigns which are very expressive, and we've been discussing this inside the company and it's important to highlight it that it really is a trade-off. We tried to get a positive spread between the take rate and the cash back, but are we still, you know, taking our product, which I have to say is the best online shopping experience in Brazil and maybe in the world because you can select your cash back limits, the experience.

So, should we continue to bring that to more clients, because that incurs in a marketing expense? So, that is a question that we have, it's a constant brainstorm and what we've concluded is that, as we have a higher number of clients with campaigns, we believe that the path for the next quarters will be to continue to have a good spread from the take rate to the cash back, it should be tighter so that we can show our clients that we have a great ecommerce product. So, that's a bit of our cash back dynamics.

So, during Inter Day, which is a great event that receives a lot of attention, we do make a cash back effort, it's a marketing expense for us. So, that's why the cash back versus take rate is different.

Your question about logistics, as we integrate with Stone, you know, we were able to get a medium-sized retailers who might not have a big logistics background, so

we do need to provide them with, you know, some fulfillment and shipping capacities. We talked about this in the company about, you know, buying a company, but what we've seen in Brazil is that ecommerce is evolving, it's booming not only in numbers, but it really is advancing. We know some very good companies that do this well as a core business.

So, do we need, you know, storage and trucks in our company? We think that we can do this through companies that do this end-to-end and I'm sure that they'll have better prices than us. Maybe the last mile which has a higher added value is something that we can invest in, but that's how we see logistics right now. We see it more as a service, but the cost of the business, you know, with financial services with a good catalog in this combination with Stone is difficult, it's not a commodity, it's not easily available in the market. So, I think we're the only ones who will be able to provide it well and we're going to make use of these B2B companies that provide us with services to fill in that part of the equation.

Tiago Batista: Great, thank you.

Operator: The next question will be asked by Pedro Leduc, from Itaú BBA Research.

Pedro Leduc: Good morning, this is Pedro Leduc, Itaú BBA. Thank you for a taking my question. So, about your ARPU, I see that the market is a bit anxious and what you're showing us is polluted by, you know, a number of clients that just joined and that might not have, you know, as much revenue as the clients that consume, you know, three or four products from your current basis. So, maybe if you can tell us about the previous client groups with more mature clients and how they're behaving. Thank you.

João Vitor Menin: Leduc, I think you answered your own question, I think you're right, fortunately, we have been able to bring in many new clients to our platform. When we're talking about clients, we're talking a lot about checking accounts. So, our CAC is well-behaved, we have many clients, and it does pollute a bit our ARPU. So, we do not disclose what happened, you know, with the previous groups of clients acquired, but when we look at the numbers we have, product cross selling and client activation you obviously can see that the previous groups are performing very well, you know, clients are now with us, they've brought in their salaries, they've started investing in our platform, they're tested Inter Shop, they've used our gift cards, they've used our insurance platform, so that naturally happens. Now the greatest thing – and this is something that we often forget to discuss – is that in our ARPU we have product activation, but we still have, you know, a lot that is to come, we don't want a platform only for fee ARPU and NII ARPU.

So, we have to combine the maturation of products that we have and the fact that we have a more comprehensive platform now, and we really are getting a lot of tailwind from NII, especially with cards, as Alexandre said, so that includes, you

know, an important service component and we listed as a service not NII, so that helps us to balance it at a 50-50 proportion. So, you know, having that basis on providing a good client experience, good product and a comfortable credit model will make us more aggressive in a positive way so that we can do things right so that our consumers see that this is a great platform, so they will no longer have their credit cards with other banks and I believe that that will give us a lot of contribution for our NII and so on.

I believe we will grow. If we were to stop and look at it, we've had great growth in our ARPU, our average is very good, especially when we look at our CSI, and I'm sure that we can reach even higher levels.

Pedro Leduc: Great, thank you.

Operator: Ricardo Buchiglia, from BTG Pactual will ask the next question.

Ricardo Buchiglia: Good morning everyone, thank you for taking my question. First, I'd just like to hear about an update on your capital increase, how it went and if you expect to do another one. And also, if I may ask another question, if you could give us an update on your KPIs for the next years. So, insurance, cards, what are you expecting? And considering the strong growth you had in your credit portfolio and the volume is in your marketplace, should we expect the same level of growth to continue? So, are we still expecting 8 billion or 10 billion BRL, or should we expect more than that? Thank you.

João Vitor Menin: So, Ricardo at the end and then Helena will answer your first question. So, yes, I do think we can expect from our shop 3-digit growth, it will be high, but of course, our comparative basis it was low. So, for 2022, we believe that we will continue to grow by three digits. We still have a lot of penetration to do, we have to improve our experience, we have to improve our credit limits, so I do think it's possible.

In terms of modeling, we can expect that, we're very comfortable with that, there are many great levers that we can use to increase here.

You also asked about credit, right? So, it's important to talk about that. Credit when we talk about credit cards, well, not credit cards, but credit card usage will grow significantly and when you look at the credit portfolio, the expanded credit portfolio, it's impacted by credit cards even if it doesn't become an asset, which is not what we're focusing on, we're not aiming to make money there, the value is having people doing transactions for us, so that improves the three elements I mentioned: the experience, for clients to use our products and models we can really be more aggressive in credit card limits, have more transactions, greater TPV, and with that our expanded portfolio can grow even more than the 80% you mentioned.

Even considering, you know, credit card, real estate, and consigned credit, we are confident that we will reach 80% and we've actually been higher than that for the last 12 months, and we're comfortable because of a couple of reasons: first, we still have a very low credit penetration with our clients, so when we think about the percentage of Pix that we have in the market, which is close to 10%, and we have less than 1% in real estate, consigned and SMEs, I think we have a lot of tailwind because, you know, we have a facilitated credit, we have the know-how, we understand the product, so I think we have the capital right as we said, our Basel index is very good, so it's very clear that will continue to grow a lot.

Obviously, when we have a [unintelligible] portfolio, we won't have an average price of 80%, that's reasonable to consider, but I think for the next years this is a metric that you can consider in your calculation.

And now Helena will answer your other questions.

Helena Caldeira: Well, about reorganizing our structure, we're planning it, we want to do it as soon as possible, but we have to coordinate the process with the terms we have in Brazil and abroad, but we're in the final stages of signing and starting the process.

We're working with two scenarios here: one is definitely an exchange, so we change our float from now to then, so as we communicated in our material fact in May, we still have some things to do about this reorganization, but it's always great to have the option to, you know, have good captures. Not a priority right now with this capture of 5.5 billion recently, we're not expecting to have another capital raise, but flexibility is the best option for us, if we can find a way to have flexibility, this is going to generate more value for the company.

Ricardo Buchiglia: That was very clear, thank you.

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

Iuri Fernandes: Well, thank you everyone, good morning. I have a question about credit growth. Assets have grown, you have the capital, the liquidity and the clients, so it should not be a challenge on the short-term, but when we look at the liabilities, I thought this was a great quarter, you grew in deposits, which was a great trend, and demand deposits, but how has your costing been? it's been very good, but will it remain that way? I mean, expanding assets is easy, but expanding liabilities is a little bit more difficult in Brazil. So, you have a higher concentration of these liabilities with a smaller part of the population.

So, what should we expect in deposits? Will we see cheap deposits growing in line with credit considering you'll grow, you know, at 80-90 to 100% year-on-year or are we expecting your funding to be more expensive? So, I'm just wondering about your

final margins. Again, you have very good funding costs and I'm not sure what we should expect for the next years. Will it be that easy to grow? thank you.

João Vitor Menin: Hi, Iuri, that's a great question, it's complex and quite interesting. So, I agree, as I said in the beginning, there is a fight for CAC, we have many players in the market, you see that other companies have millions of clients, but what I usually say is that Inter is a global benchmark for deposits, that's mathematical, if you look at the number of clients we have and the number of deposits we have that makes us a global benchmark.

You can compare ourselves to, you know, any Brazilian player or British players, and how do we get there? There are many ways of looking at it, but we have a very comprehensive platform, we have products that make people really stay with us, right, so our loss ratio is very low. So, I'm not sure if I was too vocal about this, but it was very important to be comfortable in our model and that might have been the last bottleneck for us to say "OK, now clients are really going to see Inter as their main bank because it has a comprehensive offer, it's free for many things, I'm going to have a great credit card limit", so we're very conservative in credit, but now we're comfortable with this model and experience for our client and having a good product.

So, I don't see that this will go down, I think people are going to be more connected to Inter, bring in their salaries, their investments, their insurance, we started a shopping service, so we're going to expand this next week, but, you know, we started doing many new things and I think, you know, deposits are difficult, people need to be engaged to really make more deposits. Bringing in clients is easy, you know, all you have to do is invest in advertising, but I don't see that this is going to go down, in fact, I think we're going to have a higher penetration for deposits.

So, that's the hard side of the equation. So, considering we have the deposits, since the perspective is to continue to improve and since we have the capital, you said that it's easier for assets, well, I agree and disagree. It is easier, but there are some traps that you have to avoid and one of them are cards. You can't, you know, lend too much otherwise this model will not work. So, we haven't proved it, we have that space in collateral credit, consigned credit, which is doing very well, so when we look at these elements maybe then assets are really easier, but I think finding a balance between assets and liabilities is very good for us. So, you know, GLM is something that people often don't see in a platform, people believe it's all about having users and payments, and finally, when you talk about, you know, products that bring people in, I don't think that's the right perspective, I think products that have more compressed rates will have a longer liability, but this is offset by a great lever which is securitization, and I think that's the future not only for Inter, but for the Brazilian market.

We tested after a long time in 2015 or before, we recorded for consign credit and, you know, we had a real estate credit operations for the first time, it was small, but

you always have to go small for the first time, right? And we believe that interest rates will remain flat in Brazil, so we have that lever to use when we have a higher growth in real estate to use the capital market.

So, I think our balance between assets, liabilities and capital is very difficult to achieve for a newcomer, when you're a consolidated bank it is easier. So, we were able to get a very good model for our operations.

Iuri Fernandes: Great, thank you that was very good.

Alexandre Oliveira: Hi, Iuri, this is Alexandre, I just want to add something to what João said, especially on liabilities. It's funny to get your question because we got a similar question in March, we had been growing in credit at around 100% and even our treasurers said: "can we keep this pace, do we have the funding to execute it?", and we tested these levers and for a long time we had focused on a third-party products, right, funds and so on, and we were very successful at that. LCI was a great source which had remained stable for a long time, 1.7 billion, so it's now at 2.1 billion, capital captured grew by a lot these last quarters, so we see that our capacity to accelerate is doing very well as this line becomes more important.

Iuri Fernandes: Yes, that's what we see also with incumbent banks, right, assets with their own liabilities. So, it's great that you have this basis with Inter Invest that helps you to redirect these clients.

João Vitor Menin: Yes, this João Vitor again. So, it's interesting that we say that, you know, Brazil has cars that runs on two types of fuels, and we also have clients that run on a couple of things. So, it's like Alexandre said, if we need to pull a lever to bring in more deposits because our credit is growing, that's great, and if we need to bring clients in to buy products that were issued by Inter, that's great too. So, of course, you need to base yourself on Selic, depending on how it is, people will choose different types of products, but I think the hybrid liability model is spectacular, but it's not easy to do, you need to have good investors, you need to have clients, you need to have checking accounts on the other hand. So, we've built that over the last years and I do think that it's a competitive edge that we have first as other platforms and other digital players in Brazil.

Iuri Fernandes: Great. thank you everyone.

Operator: The next question will be asked by Gabriel da Nóbrega, from Citibank.

Gabriel da Nóbrega: Good morning everyone, thank you for taking my question. I know that we talked about credit during this call, you said that you're comfortable with your credit card limits, but what I'd like to understand is what has changed for you to feel more comfortable? Maybe you're having more clients with positive records, is that what's providing you with more confidence?

And how do you see open bank operations to help you leverage your credit portfolio?
Thank you.

João Vitor Menin: Hi, Gabriel. As I said, there are a couple of important things, I'll talk about credit cards and then I'll talk about open banking. Credit cards, you know, we really have more clients at the business, but we're based on a couple of things: first, we needed to have a well-rounded product, you can't only provide greater credit limits without having good cash back, without having a good experience where you can, you know, make advance payments on your credit card balance, your experience can't be bad, right, because you might have a good product, you might have good limits, but your clients are not going to use your card if the experience is not good. So, what we've done very well in the last quarters was look at these elements, our modeling is better, are critical mass, you know, Felipe does this, so we've been working with a lot more data – that makes our model much better –, our app experience improved a lot and you can see the comments where we've been getting on social media and we have a much better product, which has everything. So, we really can grow with our cards more aggressively, right, we can grow more.

And what was your other question?

Gabriel da Nóbrega: About open banking.

João Vitor Menin: Right. With open banking, I think it's complementary. It's like I say, we have this greater basis in Inter, we have assets that we've had for a longer time, we start getting more confidence and we have a big basis of people who aren't clients that we're not looking at, so open banking can really be a catalyst for us to really accelerate concession and credit overall, not only cards, but maybe consigned credit and investments.

So, I do think that open banking if it works as we expect, you know, the Central Bank did very well with creating Pix, so open banking can be a watershed moment for Inter. We just have to wait.

Gabriel da Nóbrega: Great, and if you allow me a follow-up question, it's very clear that you have a much more robust product right now, but looking at risk, of course this is connected to your growth, but I'd just like to understand if you really feel comfortable with the model that you've been able to use and if you can control risks that we don't see provisions going up too much that during the next quarters?

Alexandre Oliveira: Well, this is Alexandre. What we've been doing is, well, comfortable is a complicated word when we think about credit, but we've monitored it very closely through behaviors, so with any changes we investigated in depth to understand if this is in origination bias or if there's anything happening there so that we can really be comfortable with our growth so that we can really deliver more. So, I think that's how our business is running, we're looking at add it constantly so that

we can readjust.

But with that being said and looking at the past, we have been achieving this growth in our portfolio.

Gabriel da Nóbrega: OK, that was very clear, thank you.

Operator: Thiago Binsolt, from Goldman Sachs will ask the next question.

Thiago Binsolt: Hi João, Alexandre, and Helena, thank you for taking my question. I think you've talked about the card a lot, but since you have a high target for market share, I'd just like to know what your potential is, so what do you believe your potential is in this market. And if I can ask your second question about, you know, João's speech on hiring employees, I think Banco Inter is close to 3,000 employees and where do you think that's going to level out? How many employees do you need to run the bank as you're running today? Thank you.

João Vitor Menin: OK, so let me tell you bit about the market share for credit cards. So, when we started Pix and we saw many of our competitors doing TV adds, we were even demanded by some investors who asked, you know, "why isn't Inter doing the same thing?", we didn't make a lot of noise, but, you know, time shows that now we have about 10% of all the Pix transfers in the market, and that for me is spectacular, really shows that our clients are active, engaged and using Inter as their main platform.

When you think about these 10%, I think that speaks volumes for me, we can't have 10% of the clients and 1% of consigned or real estate credit, or even 1% of credit cards, but credit cards are much easier to accelerate then consigned and real estate credit. These are longer clients, it is very difficult for clients to shift, you know, credit cards are much easier, it's something that is much easier to do than real estate or consigned credit because if you don't give the client the right limit even if you have a wonderful platform, naturally they're not going to come, they need to use their card.

So, I think that in the case of credit cards, we have a higher likelihood of leveraging. And why didn't we do it before? Some of our investors asked, you know, "why didn't you do it before? Look at Nu Bank and everything", but I think it's a matter of time, letting the model mature, the platform mature, as you have an installed basis you start having interchange recurrence, which allows you to, you know, take some of the provision, so that's a part of the model, and I think right now we're seeing a change, right, I don't mean today, but maybe in the last two quarters, and this is something that we've talked about a lot so that everyone is on the same page.

We're more excited about credit cards, again because we have a better model, a better experience, a better product, great installed capacity which helps us to, you know, reduce the swelling you have in the first group until the interchange pays for

defaulting clients, right, so we don't believe a lot in rotating credit, we don't see that as a healthy source of income.

When we do presentations to the market, I even feel ashamed to talk about the fact that, you know, our best fees are 7% a month. So, we're excited, I don't think we're going to get to 10% like we did with Pix very quickly, but with cards this percentage is growing fast. So, again, it's an expanded portfolio, not necessarily revolving credit, we don't want people to go into that revolving scheme and pay 15% of month, we really don't believe in that model.

Thiago Binsolt: Thank you, João. And what about the number of employees? If you can tell us anything about that.

João Vitor Menin: Oh, right, of course! Yes, that's very important. As I said in the beginning, it's very important to have an asset like that, it's our greatest asset really, and there are a couple of points here: first, you need to be able to hire people with your culture, with your DNA, we've been able to do it, and then you need to be able to feed them and make them thrive. You know, people go to the earnings results, but look at our LinkedIn profile; it's spectacular, we feel like great employers. So, we have all the conditions to bring people in and to retain them.

And in terms of leverage, that's great, we're retaining the best talents, people who are engaged, people who are going to bring efficiency and improvements to our products, we're going to get a higher, you know, revenue or number of active clients per employee. So, first, you need to be a very good employer with a strong culture and that's what's going to lead you to a good leverage and so on.

So, I'm not sure how many employees we're going to have because we're really concerned about other things. We hope to have more people, right, as we're generating more value to society, but the focus here is to retain people, train them with protagonism and information, that's what's going to help us grow.

So, I think we're doing very well on that end.

Thiago Binsolt: Thank you, João. You talked about using your balance for cards. Through this partnership with Stone, do you also expect to use your balance for credit card operations with Stone? And what's your perception on credit quality with IMF?

João Vitor Menin: Yes, well, with the Basel level of 60%, we have several possibilities, Stone is a great partnership that we're very excited about, we had Stone Day recently, we took all of the directors from Inter to talk to Stone and we were very happy, so we're going to explore that with them, we're still waiting to see what the volumes are, you know, we might have 10s of billions, so it's really the early beginning with Stone, there's still a lot that we can do and show, I think we get

anxious, but we need to be patient because we're getting there.

About IMF, I think we have a big space for that in Brazil, it's not very explored, but here we're talking about collateral credit, supply chain for big suppliers, cards, retail, so again, working capital needs to perform, but I think you can see in our figures that we're providing a lot of credit for companies and this is led by, you know, the IMF, they don't access that market in Brazil, so we want to have great credit and there's a lot of room in the market for that.

Thiago Binsolt: Great, thank you, João.

Operator: The next question will be asked in English by Neha Agarwal, from HSBC.

Neha Agarwal: Hi, thank you so much for taking my question, and apologies, I would like to ask in English. You could answer in Portuguese that's absolutely fine.

My question is first on the loan growth, I think you mentioned that the loan growth could be above 80% in the next year. Did I get it right?

And could we see further decline in margins the NIM that you post for the remaining part of the year and next year? Because a lot of the loan book is also driven by credit card, and like you said, you do not believe in having a big balance in the revolving credit side.

And then my next question is on the costs. You have been able to control part of the operating costs well, but I think there was a big pick up in the other operating expenses line. So, could you shed a little bit of light upon that? Was an extraordinary or is this the level of Opex that we should continue to see in the coming quarters? And any color on how we should see the bottom line evolve in 2022 and after that? Thank you so much.

João Vitor Menin: So, about the credit book growth above 80% a year, that is right, it is 80%, not eight. We do believe it's possible due to everything I mentioned: funding quality, Basel index, knowing the market, and the low penetration that we still have.

Your other question was about a decrease in our margins, I don't think that we need to have revolving to pull margins up or to hold our margins. As I said, companies, banks, and platforms that depend on revolving to have an expanded basis, big basis, is not sustainable, I don't think it's going to last for a long time. We don't want to offset a lean with revolving, we want to avoid that here at Inter as much as we can, but when we think about SME, consigned, you know, these are products that have good margins, they're not going to have any reduced lean in the future, so I think they're going to be stable.

And about the cost, we mentioned cash back expenses, I talk a lot about marketing

expenses, in Inter if you consider our CAC, or cash back, the number of employees that we have, these are all investments. If we were able to have, you know, a recurring business PNL we would have much better results than what we have. It's also important to say that we have contracted revenue for our credit portfolio and fees which are not in our records.

But what should we expect for 2022 in our bottom line? It's difficult to say, it's a trade-off, we're going to grow faster in cards, we might have a long-term growth due to that business, we might invest more in other platforms, in going international, but with any bottom-line movement that we have in 2022, it will be marginal, and I mean that both going up and going down. We're not going to have a very different ROE in 2022 and we're not going to cash burn either.

So, in 2022 we do believe that we're going to have a more stable ROE and we have a lot of operational leverage, but we also have a higher book after the follow-on. So, our profits can be much higher in 2022, but our ROE is still going to be low, under 5%.

Neha Agarwal: Very clear, thank you so much.

Operator: So, we received several questions, but in the interest of time, they will be answered by email. Thank you for understanding.

This concludes the questions and answer session. We'd like to turn it over to Mr. João Vitor Menin for his final remarks. You may continue, Sir.

This concludes Banco Inter's conference call. Thank you for listening, have a great afternoon, and thank you for using Chorus Call.