

Q3 2019 Earnings Call

Company Participants

- Alexandre Riccio De Oliveira, Chief Financial Officer
- Helena Caldeira, Head of Investor Relations
- Joao Vitor Menin, Chief Executive Officer

Other Participants

- Jorg Friedemann, Analyst
- Marcel Campos, Analyst
- Thiago Kapulskis, Analyst

Presentation

Operator

Good morning. Thank you for joining. Welcome to Banco Inter's to discuss results concerning the Third Quarter in 2019. We have here today with us the CEO of the Bank Mr. Joao Vitor Menin, the VP, Mr. Alexandre Riccio De Oliveira and the Head of IR, Helena Caldeira. This event is being recorded and all participants will only be listening to the conference throughout the presentation of Banco Inter. We will then have a Q&A session and more instructions will be provided at this time. (Operator Instructions) We also have live transmission through the Internet, and it can be accessed through ri.bancointer.com.br. A replay of this event will be available right after it's finished.

We remind you that webcast participants can register through the website, questions for Banco Inter and they will be answered after the conference is finished. We would also like to inform you that this call has simultaneous translation into English, so that we can cater to the needs of foreign investors in this company. Before we're proceeding, I'd like to mention that forward-looking statements that may be made during this call regarding the Company's business prospects as well as projections, operating and financial targets relative to its growth potential are based on management's expectations about the future of the Company. So future considerations are not on assurance of performance and they involve risks, uncertainties and premises because they are connected to future events and then they depend on circumstances that might happen or not. I'd now like to give the floor to Mr. Joao Vitor Menin, CEO, and he will start the presentation. Mr. Joan Vitor, please.

Joao Vitor Menin

Thank you. Good morning, everyone. Once again, we are here to talk about our quarter results. Once again, we are delivering amazing results for our shareholders, for our

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employees and all of our stakeholders. This quarter specifically, we have some important landmarks. I am very pleased with the team at Banco Inter and all our C-level is also very pleased. Now we have 1,500 employees working hard to deliver on a dream that was first designed -- that was designed four years ago. The dream was to challenge the status quo in the banking retail system in Brazil. It seemed almost impossible back then, but four years after that, we had an IPO, a follow-on, and so many new developments. Now, we see that this dream has come true. Every quarter, we are delivering positive results, growth in our base of customers and these numbers show us that we know that the train is coming through and also our account holders, Brazilian citizens are acknowledging this momentum. This battle against the status quo is based on two important aspects. One is innovative and on the other is balance. These two words, they are in our DNA, most of all in the last four years, when we did our digital transformation.

In our IPO presentations, in our road shows, in our follow-on, we've constantly showed a very important to image, which is this combination between a traditional Bank and a FinTech model. So we align growth stability, profitability, speed and this is really in our DNA. We manage to combine these two sides of the world, that's we've had this amazing performance. Now, speaking about innovation, it is important to highlight of the quarter numbers. I'm not going to talk about in the last four years, because there were so much done back then. But some of important things happened. We finished our follow-on 1.2 billion at B3, late July this year. We were building throughout the quarter, and today we are launching our Super App and I'd like to invite all of you who are listening, after this call, we are going to have a live transmission, so that you can get to know first-hand how are Super App works, and it's really amazing. You can follow on this live through Facebook and YouTube. We've also finished our first acquisition, which is really going to generate value for us. We bought -- we acquired traditional equity manager, lots of good people working there, it's called the DLM Invista, they have 4.5 billion in assets. We launched several insurance products that was the fruit of our joint venture with West and we also have a new credit product, which is the margin account, (inaudible). These are important developments, and I'd like to really highlight our Super App.

Talking about balance, our numbers come up and sometimes we don't have the time to stop and think about the challenge that was our dream -- that our dream represented. We more than doubled the number of account holders in our bank in the last 12 months. And we've done this, going back to balance, we've done this with a Basel of 44%. Maybe it's one of the highest in the Brazilian market. We finished the quarter with BRL4 billion in net cash. And we delivered positive results in all quarters in the last four years, when we were building on our dream. So really this is about balance, but that doesn't mean our growth was low, quite the opposite actually. We grew, not just in the number of account holders as I mentioned, our net cash and our Basel, but we've also grown in two pillars that generate revenue for us. Any company of course needs to monetize. So we have the fee business side, with services and the NII credit revenue. After fees, it's easier to understand, because it really goes together with the growth in our account holder number. We have a similar line of growth when we look at interchange -- credit card interchange, debit cards and also investments, the curves are similar, they grew, as our number of account holders grow.

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We monetize 30% of our revenue in banking services and not with spread and this was great, this was one of our informal targets that we had, and we did meet this target this quarter. We hear a lot about cost -- growth at any cost. But we are not acquiring customers, so to speak, our cost of acquisition is very low. So our activation level of our 4 million account holders is up 65%. This is amazing, and it's really important for our business model. I'd also like to mention when it comes to services, I'd like to talk about our PAI, our Inter Open Platform, PAI. We were looking at the numbers and we already have 80,000 people that are part of the open platform 6% to 8% of Brazilian shareholders. When it comes to credit, which is an important pillar for us, we grew in the last 12 months by 43%. That's our credit portfolio growth. So it's quite an interesting growth and we have the -- with the portfolios we were working with already, housing credit, SME credit and we added credit card (inaudible) 24 months. So it was strong growth with good results on NPLs. It's still decreasing -- it has been decreasing in the last 12 months and so this is sustainable growth.

I'd also like to highlight, when it comes to credit, that as we grow in our credit origination, we can build a results margin for future exercise. Our payroll loan portfolio, these are long-term products. And also housing credit, all origination creates in our credit portfolio profitability and safety for the next 10, 15, 20 years. So, for payroll loan, specifically, we have BRL110 million in last month, and part of this production was about elongating our portfolio. So, our margin is becoming more robust and sound. When we look at the growth trend of our NII, it's even stronger than the growth of our credit portfolio of origination or credit underwriting. Bringing together, all this monetization balance, delivering new products and services that leads us to seeing an important message in this third quarter of 2019, which is an inflection point or turning point. While I was telling you about our dreams, four years ago, to challenge the status quo, we knew there will be a lot of challenges, monetization, profitability, growth, stability, level of service and quarter-on-quarter we are managing to overcome all these challenges. We are seeing the efficiency level, this is a very important symmetric of course, all companies follow this metric.

Expense over generated revenues, after some quarters seeing a growth in that rate. We reduced debt by 3%, now in this quarter. And we are sure that this is a trend that's here to stay. We will constantly improve our efficiency levels. When I talk about a turning point, we see -- simple math, as proportionately the number of new account holders that come with CAC, the number of new employees, we pay them every month of course, the numbers of our servers, which are not deferred as well, they are paid with regular bills every month and they become diluted and the total number of clients of course, so the math becomes really interesting to our side. I'll give you one example of that, if our cost to serve, so this is direct losses connected to serving customer service, processing of credit and debit cards from [ph] BRL20.10 to BRL170 [ph]. That was the reduction more or less 30% in reduction of the CTFs, 25%.

Our revenues when we combine service revenue and credits revenue or NII, they grew by 38%, which is a lot. So this combination between innovation balance, growth in our revenue with services, growth in our credit portfolio by 46 and origination with the margin that we are building, a good perspective on growth of the NII as well, plus the dilution of fixed costs and the dilution of new account holders, if we consider our base of customers, our total base of customers, and then this could decrease a 3% in the efficiency level, this

highlights this turning point that I just mentioned to you. So we have several positive quarters and we have a lot of expectation on the upcoming quarters, not just because of the new account holders, the products we're launching, but also due to the improvements monetization, profitability and the experience that we provide to our clients. So thank you all for joining. I'm now going to give the floor to our CFO, Alexandre and then our Head of IR, Helena will say a few words. Thank you very much.

Alexandre Riccio De Oliveira {BIO 20402984 <GO>}

First of all I would like to also thank you all for joining this seventh for results. We are really happy with your interest in our history, in our growth history. And we've had more and more participants in our call, every quarter. I'm going to talk about our main business drivers, increase in our base of customers, the engagement of these customer services and revenue, credit revenue the cost of serving our value generation. Talking about our customer base we've reached 3.3 million of clients and within those, I'd like to highlight a couple of things. First, we have a growth of 211% of our base of clients and the CAC is excellent for that. Our CAC, so we had last year to 1 million clients in the third quarter of 2018, now 3.3 million clients and the CAC has remained practically the same. So it's quite impressive, what we have amazed -- what we've reached. This is an active base of clients over 70% of activation almost 73% [ph], but the activation is growing as well quarter-on-quarter in all different periods.

And in the third quarter, we went over 90 million logins in our app. The growth of our cash deposits up by 213% year-on-year, BRL1.5 billion in cash deposits. This is again another amazing indicator of the activation of our customers. If we didn't have active customers, this activation level will not be that high and growing, and it's interesting to see a growth in our cash deposits that is higher than the number of clients. So it actually shows this constant activation that we are delivering. Another important highlight within our base of customers is the growth of 300% in our base of investors in our PAI, our Inter Open Platform. 338,000 investors now, but quite proportionate to the growth in our number of clients of the bank as a whole. We talked about this in a previous call, this is a very positive entry of investors after we launched our PAI.

An interesting number is that, we have 80,000 investors with custody in our home broker platform. The home broker was launched at the turn between 2018 and '19 and it went into the open sea at the end of the first quarter and we have 80,000 people now, in it. Talking about service revenue. We are still building, our basis revenue is increasing 56 million in the third quarter against 24 million in the last -- in the quarter of 2018, the same quarter. We are close to our 30% target of revenue service and this rate in 2016 was a 5%. So this is a rate that is increasing, as we also increase our base of customers -- retail customers. Last year, we were at 20% and our target is to reach 30% and we are very close to reaching it. We have actually over 29% right now. In our revenue with services insurance, 60% growth compared to the same quarter of last year. Revenue with investments that includes our DTVM, amongst other services it grew by -- it grew four-fold in the last year. I think, this is connected to the maturity we gain into the launching of the PAI, and we should also mention credit card interchange rates or exchange rates, credit and debit cards 16 million, this is a 2.6% growth compared to 2018.

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When it comes to credit the highlight is the growth of our credit portfolio, we've reached 44% of growth in this portfolio in a year. The question mark was in our ability to turn over this credit, when we went for the IPO an year and a half ago. So we reached 44% of growth year-on-year. This is an amazing achievement for us 4 billion in our portfolio. And I'd also like to highlight that this credit portfolio is growing and the credit with collateral, which are our favorites, of course, which are the ones that we prioritized with collateral. And delinquency levels are flat 4.4%, our NPL 0.5% of provision for loan losses, which is also flat. Our net financial margin is over 151 million.

Now cost to serve, CTS, which is one important indicator. As Joao Vitor mentioned, we are still diluting this as we gain scale BRL173 per client. That's what we've reached. It's a decrease by 50% when compared to the same period in the previous year. And these expenses, while we reduced expenses actually and this is an important elements also decreased our efficiency ratio, now at 75%. And what is contributing to that, well actually several factors. The growth of our credit portfolio, of course, this increases our revenue. It increases our denominator and we are very active on the upper part of the equation. So there was an impact of the joining of tech bonds for withdrawals, a reduction in our SMS costs, now with isafe to make the authentication of transactions, and we are negotiated with several suppliers and that's how we gained scale and we improve our execution ability. That's something we develop as we grow our team.

Finally, a bit on value generation. Our net income was 11.8 million, total revenue of 297 million in the quarter. That's 40% higher than the same period of last year. Our Basel is a 43%, and that leads us in a very special position to execute on our business plan for the next years. So with that, I'd like to thank you all once again, most of all our 1,500 collaborators that are leading this Banking revolution to all Brazilians. Now I give the floor to Helena Caldeira.

Helena Caldeira {BIO 20804655 <GO>}

Good morning. Thank you everyone for joining this call. Before we open for questions, I'd like to thank the trust of our over 140,000 shareholders, they are individuals and companies. This number is growing for us at Banco Inter. One tenth shareholders in the stock market are investing in Inter. We have important developments in IR, we have a follow-on at B3, we now are in the IBRX, and with the high volume traded, we might even go into the Bovespa Index, in the future. I'd also like to highlight, that we have the first Banco Inter Day. It will be in our new headquarters in the city of Belo Horizonte on November 28, and we invite you all to join on November 28 our Banco Inter Day. So we can now open for Q&A.

Questions And Answers

Operator

Ladies and gentlemen, we will now start our Q&A session. (Operator Instructions) Our first question comes from Thiago Kapulskis from the BTG Pactual Bank.

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Q - Thiago Kapulskis {BIO 19187926 <GO>}

Good mornings, Joao Vitor, Alexandre, Helena and all the listeners of the call. Thank you for taking my question. I have actually two questions. The first is connected to the number of clients, the growth in the number of customers. I'd like to understand, how do you see this these dynamics going on into the next year, we still see the number of customers accelerating, when we think about adding 12,000 customers every working day, that's what you reported. So, I wanted to know, if you still see room for it to accelerate there? How the curve that you see for 2020? What levels can you reach? Also do you believe you will be able to keep on the same activation level at 65%, that's the number, Joao Vitor mentioned.

Second question is about results. The portfolio is growing quite well almost -- by almost 50%. But I'd like to understand the impact of the NIM, net interest margin. It has been a bit more volatile in the last quarters and it dropped a bit further in the last quarter. So could you please comment on this? This decrease, I guess was connected to housing credit. Could you give -- could you give us a bit more detail on what happened to NIM? And how can we think about NIMs behavior looking forward? If there may be room for more stable NIM or should we expect more volatility? So if you could please comment on this. Thank you very much.

A - Joao Vitor Menin

Thank you, Thiago for your question. Let me start with the easiest part, with the NIM. I just mentioned, if you remember, our (inaudible) margins. Our credit portfolio is really growing, but these revenues will come in later. We are growing in our payroll loan, housing loan, our long-term credit. So this will follow through time, of course. This is a healthy portfolio of course. So we will monetize in future quarters. This is due to the new underwriting. As for NIM, there are two important components. First, you have a bit of housing credit of course, and housing credit has a lower NIM. It is a super safe product, of course, high loyalty, but the NIMs are lower. And the other component is cash. Our cash is quite high, and this gets in the way of our NIM a little bit. So again, we have to look for stability. This is a marathon, it's not a sprint run. So we have an excess of cash and excess of Basel and this has an impact.

And we also have to think about inflation, housing credit, this has an impact on it. So that's why there is an increase in the IGPM, inflation rate and GPA. If we were to securitize all of our underwriting, we wouldn't face this, but these are small fluctuations. They are not very large fluctuations. So when we put it all in the blender, that's why we have a variation in NIM, but looking forward, we don't see greater reduction of NIM. When we look at the growth of some of our portfolios at entry, so anticipating receivables, for instance, this is great as a product. And we have this, what we call the margin accounts for individuals of our PAI [ph] platform. This is really growing. So in the medium and long-term, the NIM should remain in 8.5%, 9.5%. I don't see a lot of change in that.

As for customer growth, the first part of your question, this is a topic that is constant and recurring. We debate it almost daily here at the management, and we debate it every month in our Board meetings, of course. We have a very clear view on that. We always bet on sustainable growth. You will not see Banco Inter acquiring customers. The fact that we

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don't do that in the derogatory sense of the word, it doesn't mean that we cannot grow fast. We can, we are still accelerating our growth, as you see the activation rates are very important. The rate of cross-selling of products has also improved. And this is really important for us.

So we don't acquire customers. But how do we make -- how are our projections for 2020 in terms of growth. So we have mathematical projections for the next 12 months, times and number of account holders -- new account holders that we have now. We do an as if projection. Several positive things can happen, our Super App might attract more clients, PAI might attract new customers or the improvement of our products for SMEs will bring new SME clients. These are tailwinds, but we might face challenges, more competition, people investing in marketing, competitors investing in marketing. So we believe that this number will remain growing at the same pace. We might have positive surprises, yes, even without acquiring sort of these clients, we might have greater growth than we've had. And instead of finishing with 8 million clients, we might finish with 10 million, it might happen.

In terms of on-boarding, this is also important. We are launching tomorrow, after we launch our Super App, we will launch a new version of our on-boarding. We will have a seamless experience, which will help us to bringing new clients. Lots of good things that will allow us to keep on the same growth pace. But we don't want to grow at any cost, you will not see Banco Inter growing CAC at crazy levels next year, but with all these initiatives, we will still have a very positive growth in our base of customers. So we can talk about 8 million, it's an informal guidance. I think this is feasible.

Q - Thiago Kapulskis {BIO 19187926 <GO>}

Thank you very much for your answers Joao Vitor.

Operator

Next question comes from Jorg Friedemann from Citibank.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Thank you for this opportunity. Hello. Joao, Alexandre and Helena. I have two questions. The first is about the Super App, which you are launching today. Congratulations on this new development. I'd like to know, what are the economic targets that you can share with us, so that we understand better what to expect from the Super App looking forward? Considering that next year will be a turning point as you mentioned, so I'd like to understand, what the Super App can bring in terms of results, how can we look at the trend in terms of operational leverage connected to the App? Second question is regarding funding. You are 72% of CDI and quarter-on-quarter we have stable, finally funding costs. This is closer to the thresholds, on compulsory. Do you believe that you've reached the optimum point? How do you see things looking forward? Thank you very much.

A - Joao Vitor Menin

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Thank you for your questions. I'm going to start from the last one is, I did with Thiago, of course. I think, we are quite close to our lowest level. We are not going to have funding cost decreasing quarter-on-quarter, because of the volume of cash deposits, adjustments of prices of CDB in the long and short-term, this is normal. The numbers that we have are amazing. I was talking about the dream four years ago, and this is one of the deliverables and we've delivered on it. It's -- our funding is not only cheap, it's healthy, it's literally, millions of people are contributing to our funding costs. So I do see a stable funding cost. And funding costs at these levels, they allow us to have an excellent credit underwriting for prime customers and we can grow credit at a faster pace.

Q - Jorg Friedemann {BIO 15405752 <GO>}

I'm sorry to interrupt. Do you already have demand for compulsory? Is there an appetite for the funding cost? One thing might offset the other. Do you have more activation of clients and you can offset it or offset the impact. Are you already seeing the demand for compulsory or this is still about to begin?

A - Joao Vitor Menin

While, we are talking about two different compulsories. This is, one is for cash deposits. This is something we already see and it's a work we've been doing with regulator authorities. Finally, they are now working on it. Compulsories when we leave cash deposits, this gets into the way of your funding costs. We have zero -- we had zero of compulsory. That's what we had. But now we have a bit of compulsory. I personally -- my personal belief is that this is going to be alleviated. We are an S3, S4 bank. So I think we will have a tailwind, but when it comes to time deposits, people that buy our papers, we might get to a point where we have a compulsory on time deposits as well.

We still don't have it, but now compulsories are being optimized by the Central Bank. I don't know if they will touch on this, but this is a topic that we have to see what our authorities will do. For cash deposits, we see an impact in growth, for time deposits, not yet. Let me now talk about the Super App. The first part of your question. It has two important components. The first its ability to attract and engage customers. As I told, Thiago from BTG, the Super App, will be a magnet to new customers just like the PAI platform. And this is going to be great of course. Also when we talk about monetization of these customers, all customers that come in, they monetize based on what we already have flowed, interchange, however with the Super App we have this marketplace, I'm going to try to be brief. I don't want to go into details.

Currently a 100% of the spending of our account holders are then outside of Banco Inter's platform. So we only make the interchange -- make money on the interchange fee of credit card, 0.5 in debit and 1.4 in credit. As we bring in a new -- great number of account holders to make purchases within our own marketplace, we add a very strong monetization element. It's the take rate. So the same television, you would purchase at a brick and mortar retail using our credit card, it will be acquired in our e-commerce and we will have a take rate on it. In some cases, this might be five -- seven times higher than the exchange rate. So the monetization potential is huge. In some cases, it's so high, that even that we are going to give them half, the clients will have a cash back of half of this monetization and still we will have a very strong monetization possibility.

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Our customers spend BRL300 on average a month. That's their average spending, BRL300 a month -- in a month. And this is today a 100% outside of our marketplace. If we think about millions of clients, and I'll leave you to do the math, X millions of clients, if we have a penetration -- a penetration of 5% or 10% of these customers buying in our market place, we will have this take rate that will bring a huge financial monetization into our business model. So we are really betting on our Super App, because it really can help create loyalty, attract new customers and most of all, it can help monetize in a very special manner. So monetizing, with interest exchange rates. It's very small. The risk falls with the bank, so we are really counting on monetizing with our Super App.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Thank you very much. And speaking about the Super App and thinking about the future of monetizing for these customers, I would like to know, if that this is connected to the increase in CAC, in this quarter, there was an increase of 15%, it's still low, but it's increased by 15% focusing on marketing expenses. Is this because of the arrival of the Super App? Are you trying to boost this marketing -- the marketing for your marketplace?

A - Joao Vitor Menin

No, It's actually something else. When we talk about CAC, the 15% is high, but over the year is low. Our increase was very low. Our CAC is low and we have some flexibility, we can increase it by 15% and in our case, we have this very strong CAC discipline, as I mentioned. When we talk about CAC here at Inter, we're talking about marketing plus expenses with embossing sending the card to the holder. And as we reduce this cost with embossing, we have more money left for marketing.

So now we are spending a bit on marketing, a bit more on marketing. Our expenses within marketing have not decrease yet. So this is a natural movement, it's not that we are strategically focusing more on marketing, we don't want to have -- we don't have a target of reaching X million clients. Quite be opposite, we think that the Super App will actually help us lower our CAC. The product is more complete, more attractive with financial and non-financial products in it. So, I think that CAC is quite a good product, and we have a very positive view in terms of attracting customers, regardless of increases in our CAC from now on.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Perfect. Thank you very much for your answers.

Operator

Next question comes from Marcel Campos from XP Invest.

Q - Marcel Campos {BIO 21008009 <GO>}

Good morning, Joao, Alexandre and Helena. Thank you for taking my question. I also have two questions. First one is about the partnership with Tech bonds, you decreased the growth of expenses, right? It was by 20%, and now it finished by 13% and this partnership with Tech bond, so my question how is this partnership, what is the impact of the

partnership for you? Do you have a smaller expenses for withdrawals? How does that fit into your expenses? I'll do my next question, after you answer the first one.

A - Joao Vitor Menin

Thank you, Marcel for your question. Yes, withdrawals represents an important cost. They are our main expense, or actually our customer service. This is connected to scale. We became an important client for a Tech bond, we have 1 million every month. So what is important for premium customers. They give a rebate on fees of course. I don't know the exact numbers, right now, it's 2.70, but there was a reduction of 50% in one of our main expenses and it will decrease even more. We bring in new customers and we reach new standards.

Another important aspect, when we bet and when we made our bet into this complete full digital bank is that our main competitors will not last. We now see payments through QR code. With the withdrawal of these, such as a great reality in Brazil, two years from now, we don't think so. I think that this service will be less used, actually. Our biggest competitors now may be have this trend of disappearing in the future. So the perspective of spending is quite positive to us. So we are pretty much confident in our expense levels. We have our CTS, which I mentioned, of course, which is decreasing as I said. We've been serving these clients at a 10% cost when compared to traditional banks. This is an amazing number.

Q - Marcel Campos {BIO 21008009 <GO>}

Of course. Thank you for your answer. My second question is about origination and payroll loans. There was a surge in this quarter, do you have the lowest rates for payroll loan, as I understand. My question is, how can you reach end customers without sales people? Part of your target audience is made of elderly people, how do you reach them?

A - Joao Vitor Menin

As I was telling, Jorg, this a complex answer. And I will try to be brief. The know-how we've achieved in our digital sales channel, that's how we sell our products digitally. Through the App, SMS, push, email services. We've applied this methodology to payroll loans. And it was bold [ph] to do it back then, we were the first, maybe the only bank that literally stopped selling payroll loans with sales people. So we decrease legal debates, and we had to get this algorithm, so to speak, right for our digital origination. Our team has a lot of know-how, but it took us a while to get to the right point. We reached a record last month. We are producing now the double that we had when we had salespeople, because of our know-how.

Our origination is a 100% digital even with signing documents and now we have DocuSign. The average ticket, the average spending is higher now. So these clients are becoming more profitable. Their average spending and payroll loans is increasing. So I think that this is a key for us at Banco Inter. But going back to perhaps margin, zero differentiation of -- in terms of underwriting. And the product is going to generate margin for the next 72 months. As you said it yourself, our rates are good. This is due to our cheap funding. Portability, is also a key issue here. When we look at interest rates that this will generate

for us in the next few months, this is an amazing number. Some banks, they grant their credit portfolio, we would not be having these amazing results, if we did that. So that's what happens with payroll loans in a nutshell.

Q - Marcel Campos {BIO 21008009 <GO>}

Just piggy backing into your answer, I'd like to add a new question. Origination, by the end of the third quarter, you had an IPO of follow on, and you want to increase payroll loan, that's what you mentioned. And great banks are also increasing their payroll loan portfolio. Do you feel the pressure from competition in this specific quarter, October, November? Is origination still going on strong?

A - Joao Vitor Menin

We are not feeling pressure, quite the opposite actually. Month-on-month we are producing more, it's not a greater level but then 90 million, 95 million, a 100 million. Our funding cost is quite low, lower than some players that you might be thinking about. Our origination is quite healthy. So we can be stricter in our underwriting and we can provide better products. So we are not concerned, well tomorrow we are not going to be able to increase our payroll loans tomorrow or in the future. It's 0.2% or 0.3%, that's what we have of payroll loans right now and we have several partnerships signed, the structure, the framework for payroll loans is here already and we only have 0.2% of the market, but the structure is ready to go.

So the expectations of growing in market share, our expectations are really high. I don't see pressure and I don't see a decrease in this space in the bank. Thank you very much. Well we will launch our Super App today. Some questions were sent through email and I apologize to those of you who we were not able to answer. We will answer all of your questions, Helena Caldeira our IR -- Head of IR, she will answer your questions, all of your questions. And I'd like to thank you all for joining this call. See you again in three months. I hope that we have even better news by then. Thank you all very much and have a good day.

Operator

Banco Inter's call is over. We thank you for your participation. Have a nice day.

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