

Q1 2021 Earnings Call

Company Participants

- Alexandre Riccio de Oliveira, Vice President of Technology, Operations and Finance
- Helena Lopes Caldeira, Chief Financial and Investor Relations Officer
- Joao Vitor N. Menin T. de Souza, Chief Executive Officer

Other Participants

- Eduardo Rosman, Analyst
- Jorg Friedemann, Analyst
- Otavio Tanganelli, Analyst
- Pedro Leduc, Analyst
- Yuri Fernandes, Analyst

Presentation

Operator

Good afternoon. Thank you for waiting. Welcome to Banco Inter's Conference Call to discuss 1Q [ph] 2021 Earnings. Today, we have the CEO of the Bank, Mr. Joao Vitor Menin; the Vice President, Mr. Alexandre Riccio de Oliveira; and the Finance and IR Officer, Helena Caldeira. This conference is being recorded, and all participants will be in listen-in mode only throughout the presentation by Banco Inter. We will then have a Q&A session and more instructions will be provided. (Operator Instructions) This conference is also being webcast live, and it can be accessed through ri.bancointer.com.br.

A replay of this conference will be available right after it's finished. We remind you that webcast participants can register questions to Banco Inter through the website, and these questions will be answered after the conference is over by Banco Inter's IR team. This call has simultaneous translation into English provided to the foreign investors in this company.

Before we proceed, 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 are based on the management's expectations about the future of the company, as well as information that is currently available to Banco Inter. Future considerations are not an assurance of performance, and they involve risks, uncertainty and premises. They refer to future events and therefore dependent on circumstances that may or may not occur.

I'd like to give the floor to Mr. Joao Vitor Menin, CEO, and he will start the presentation. Mr. Menin, please, over to you.

Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Thank you. Good afternoon, everyone. It's a great pleasure to be with you again. We have an excellent audience rating in this call. We will continue with our usual script. I'll talk about the qualitative aspects, then Alexandre will go over the figures of quarter one, and these figures have been amazing, and then Helena will close and we move on to the Q&A session.

I'd like to start with a philosophical or qualitative part by stressing an important interesting point. We had our IPO three years ago. And the speech or the point of this IPO, those who remember it was about combining the best of both worlds, the world of banking. We had all the licenses, we had a credit portfolio and the world of fintechs of digital companies free and interesting smooth experiences. And this led us to growth in these three years in terms of market value, current account holders and so on and so forth.

This quarter for me to be fair with the previous quarter, Q4 or the last two quarters, they have led to something I'd like to explain, that's very, very interesting and it is that throughout these three years, we had that sweet spot, in other words, combining these two worlds and in the last two quarters, more specifically, in quarter one 2021, we're again in a sweet spot and why am I saying this. You will see that when Alexandre gives the numbers, it will be made clear, but this means traditional banking and digital banking combined to wallet by commerce.

So we have been delivered a or strike -- we have struck a balance between our financial services or the NII and the monetization of healthy services, that's not the bad fee, but it's the fee of marketplaces of insurance and other investment. So we can deliver monetization levels that are very good to our customers. And we're only -- the only ones that have this in Brazil today. When we think about the situation, it's the result of the sweet spot. So the same situation that we had three years ago, and I think we're making the most of this situation. I can give you one example for -- about this combination, it may seem silly and not that easy to notice, but when you go to our web and you go to our shop, we've just launched a button, I may have mentioned this before to some investments and partners of ours.

And this is the option of choosing if you want a -- to make a purchase with cashback which is a great attraction for us or if you want to increase your credit limit of your card, of your credit card, if you want to buy something that exceeds your credit limits, it may seem silly, how does this button is related to our sweet spot. Well, this was the result of a lot of investing and innovation in our IT and business teams. It shows how Inter can combine all the banking aspects to the non-banking elements.

So with this feature which to me is the greatest star. In the first four months of Inter, we have put out this unique feature. So we combined all the monetization of our financial services with our non-financial services, and by empowering our clients, this feature is making something that the market had asked us before we make this concrete. So can Inter do consumer finance or non-collateralized credit? Well, let me show you what we have delivered, when we look our numbers of -- in real estate credit and payroll credit, so

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the growth in collateralized credit is doing fine. We are aggressive in a good sense. We have portability that works really well.

And now as we launched our CDB, it may be a quarter ago, we had 1 -- over BRL1 billion allocated to this product. And now more recently with this option, this functionality or feature giving or providing more credit to credit cards, we'll now -- now be building our history in consumer finance. So we're now reinventing consumer finance in Brazil. And this can only be done if we combine the world of banking and also the world of commerce. So all these two elements combined and to make it work, it may seem simple as just a button that you can click on, we can tap on, but you need a credit card processor, a shopping catalog and limit engine with 11 million accountholders. It's really hard to do this, but we're doing so fine, and I'm really excited about consumer finance, and I believe we will be able to reinvent this business and do great.

Now insisting on the new feature, how can we optimize the use of exceeding the limits of people's cards, and also when people use the residual limit for a product or a service, for air ticket for instance, and they give up their cashback, we also improve our rate, and this, of course, improves our non-collateralized credit. And this was a question, how could we address this and also to improve our net take-rate.

As for innovation, again, this is about the past, we have over 11 million accountholders, but now what lies ahead. We have our food -- we have food delivery added to all our customers living in the metropolitan region of the City of Belo Horizonte can access food delivery services. In other words, we have an iFood put into our app. So our -- the inhabitants of Belo Horizonte can enjoy this feature, and it will be rolled out to other towns, cities and states. This is a process of innovation. We've never stopped innovating. We keep adding new features, and then we have monetization. This is getting greater and greater, and Alexandre will go over the figures in a minute.

Finally, I'd like to thank the employees. This is something I always I can't stress enough. And also our investors in these three years since our IPO, and we think about how much we have grown and to roll-ons, we've always had the support of our long-term investors and the company could grow and add IT capabilities and keep innovating. So I'd like to thank our employees in these three years since the IPO, and also I'd like to thank our investors, who've been with us since the very beginning, without whom we wouldn't have made such great achievements.

Thank you very much. We'll be discussing these things later during the Q&A. Alexandre, over to you.

Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Good afternoon, everyone. Thank you for attending to another earnings call by Inter.

Let me go over the figures. Our first quarter was really exciting. The seasonality of this period has challenges. It's a shorter period, you have holidays, and you compare it to the previous quarter, quarter four, which is the best in the year, in spite of that, we have

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historical levels, both operationally and financially. So we have been through a period of not being a lone star.

We have good numbers compared to quarter one 2020, as well as quarter four in 2020 [ph], which is usually the best quarter in a year. And this was achieved with a -- an increasingly stronger and united team focusing on operating excellence. And this means a better experience and a better service provided to our customers.

Now the figures, let's look at the highlights, I'll start with the growth of our customer base and engagement. We have 10.2 million, that was a growth of 106% year-over-year. And I'd like to stress that this, we also had new accounts in quarter one, 1.8 million against 1.3 million in quarter four. So that's 40% almost in the opening of accounts this quarter, which was much more than we had expected. We were really happy with these results.

The cost of customer acquisition was under control. We boosted marketing and we had great results. Our IT costs, we had this trajectory of reduction, and this was our goal to reach BRL122 [ph] a year, although, in spite of continuous investment in the business and the platform. Another two highlights, our CSI [ph], 3.21 [ph], a 5% growth in this quarter. And our users -- active users, they -- their behavior was even better the best. Historically speaking, we grew about two percentage points in this quarter compared to the more recent and older ones.

And we had a great NPS, 82 points in April, and our NPS has improved reaching 84 points. As for -- we had a great performance, a 174% growth in -- as compared to, what, year-over-year, the average balance BRL1,300 as compared to BRL1,000. And the first quarter is a quarter where you have less balance. The transaction volume in cards was very good, BRL7.6 billion, a 173% growth, and we're still growing on this avenue, which is the result of the improvements we have made over time.

Now Inter Shop and marketplace. We did something that was very unusual in retail. We have overcome the results in quarter four, BRL676 [ph] million, and the exponential growth year-over-year, 1,648% [ph], 1.7 million active clients, that's what we achieved. And only in quarter one, we had 1,100,000 clients. In other words, we have recapped the levels and we keep innovating the success of this avenue has, of course, meant ongoing evolution.

So we have promising projects and end-to-end, which is the new sales, and 200 SKUs, and finally, we have overcome BRL40 [ph] million in revenue. It was the first time we exceeded BRL40 [ph] million in revenue. Investment in quarter one were BRL52 million [ph]. We reached 1.5 million active customers and 170,000 clients with shares under custody. And this has helped in quarter one 2021, but it will be even more important when we look ahead. So we launched direct treasury on our app, before it was more complicated to deliver this to clients, we launched our content platforms and many other features, including improved investment procedures.

So depending on the volume we get up to 100% in cashback or rebate, and in fact, commissions issuing. And the -- we got BRL15 million as compared to BRL10.7 million year-

over-year. We have hit new records, 377,000 people insured, and we kept generating revenue not only for the insurance business, but over BRL9 million [ph] in quarter one with a revenue base that is extremely resilient growing out of proportion, because we are delivering products that have a greater margin. And although, we are reaping the benefits, there's much more to be made. We also have our healthcare product being launched, and also sales efforts that have been all around and expanding our success.

Finally, our credit avenue is maybe the greatest highlight, as growth has been really resilient in this area. And we had a historical basis that was really relevant before, but our strategy seems to be consolidating increasingly 51% in origination of real estate credit for accountholders. And this was a challenge and something that people demanded from us from market analysts. We wanted this base to be profitable to credit, and this is now taking place and this is really good, and we keep our competitiveness as a retail bank too. So a good part of the factor that led to this growth in credit is expanding. We had a growth of 97.1%. And finally, we made this credit grow, and this is something we should comment, this credit grew in credit. And what's the good part, it reduces negative surprises over time.

Finally, financial results. We grew 95% in total revenues as compared year-over-year, BRL142 million in this quarter, and 113% as compared to quarter one. And finally, we have been over 40% of the total revenues. Finally, we closed the quarter with BRL22 million, and the Basel was 24%, the Basel range, where Index shows our ability to grow and leverage our balance. So I would like to close by thanking our customers and our team, who's increasingly, what, united with this focus of simplifying people's lives.

I'll now turn it over to Helena. Thank you.

Helena Lopes Caldeira {BIO 21222037 <GO>}

Thank you. Good afternoon, everyone. Thank you for attending another earnings call. As Joao Vitor said, this is a very special conference call. We -- this is our three-year anniversary of our IPO. So to add to the celebration, we had -- now have the Bovespa Index. So it's a great landmark for all companies, public companies in Brazil. We're also part of the ID -- IBRX and MSCI [ph]. And this is a great landmark as well.

We're still celebrating, because yesterday, we disclosed our first annual report showing our performance. We followed the best international practices of the Global Reporting Initiative, GRI, which has been adopted by KPMG, and also part of the 2030 Agenda. This report may be accessed on our IR website. And also for those who are following us on the web, in the second slide, we have a QR code with details to provide access to the report.

Now how did we develop or write this report, transparency and inclusion are very important values to us, and this is how we developed this report. We went deeper into our model interfaces, our financial, environmental, social and governance pillars, and that's how we adapt ESG to our purposes. We try to disclose that information in the most inclusive way possible. And we try to help everyone to learn more about the concept and initiatives, so that things are really clear for everyone. In addition, we wrote a description

of how we generate value from these pillars and also added information on risk management and how technology sustains this our business model and our growth model.

Now for a different topic, we have the split of our shares, was approved in our last ordinary meeting. So we're waiting for the Central Bank to give us for us to communicate to the market. We're waiting for the share split to be made official totally and executed. And some other people really ask is about our restructuring process. We're working both internationally and locally to reach the best format and structure and then communicate to the market making sure we address all the points. So as soon as we close this model, we'll show that -- share that with the market, so adding to -- adding more information on this point.

Finally, I'd like to thank our shareholders. And this great partnership we've had in the market in these three years, it has been really significant growth for the company to have this relationship also with our employees. I'm really happy to be celebrating these three years with you today.

So I'll now close, and we will move on to the Q&A session.

Questions And Answers

Operator

Ladies and gentlemen, we will now start our Q&A session. (Operator Instructions) Our first question comes from Eduardo Rosman of BTG Pactual.

Q - Eduardo Rosman {BIO 16314825 <GO>}

Good afternoon, everyone. Congratulations on your achievements. I have two questions. The first is about securitization, removing credit from the balance, I think Joao talked about this in the last call. So removing some of the risk from balance and distributing it, so how are you doing in this respect and what can we expect from the first transactions? That's question number one.

Question number two, can you talk about the app for non-accountholders, when will that start? I think Joao has also given an interview on this a few weeks ago, right, and he mentioned 20 million accounts in one part would come from non-banking or non-accountholders, can you update -- give us an update on this process, what are your expectations? Thank you.

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Thank you, Rosman. Securitization, yes, we -- we have the first securitization, it's being structured. We want this with our real estate portfolio, it's easier to do. So we're just making the most of people's appetite for buying real estate credit. And we have two important deliverables, we will have a lighter balance. We're not thinking about interest balance of BRL11 million in credit. We're talking about greater origination.

FINAL

So we want a balance to have hundreds of million in credit, that doesn't make sense. We want our balance -- we want our good assets to be securitized without not being collateralized. We want them to be securitized. And we also delivered very good products with very good yield rates, especially now in the current financial situation. And even with this -- with the Selic being lower, they want -- investors want better structured products that are easier to buy. So securitizing our portfolio is good. We get lighter, and we can use products that are simple to buy on our app. So that's a very good idea.

So this project is ready and it will take place as soon as possible. It's not an isolated project by the way. We want to be an issuer of securitization like almost every week or every fortnight. I remember that we have Brazilian Securities and they securitized every fortnight. So this is the first -- for the first part of your question.

Number two about the app for non-accountholders, well, unfortunately, if this conference call were to take place in 10 days, it would have already been launched. So this is just to give you an idea that maybe in the next 10 days, we will launch it. It will start on Android and later it will be launched for iOS with a time gap of about two weeks from Android to iOS. We wanted to do this in mid-April, but we're really careful. This is a major change. We don't want to impact the net -- the experience of our users.

We want to make sure that their experience remains smooth. But I'm really excited for you to understand the maths behind it, we have 90,000 downloads a day, that's of our app is downloaded 90,000 times a day and about 40,000 full data that we get of these 30,000 accountholders. So I believe that if you have a full checking account, we can capture that for our non-accountholders on the app. So it's simpler. They can use our insurance platform our Intercel. So when we think about our maths, when we think about that dream that we had of 20 million clients, 16 million accountholders and 4 million non-accountholders, the idea is to capture.

We want -- we will have about seven months, eight months and -- after launch, and we want to capture 50% or 40% of this surplus that doesn't convert. So we may have significant change with a large number of millions of clients added. So our dream of 20 million customers is on. And we're expecting to have this launched in 10 days for Android users.

So individuals that are already customers, they won't even notice it, but those that are downloading the app for the first time, they will have a different experience. So I'm really excited about this and it will really change our market. Let's just keep an eye on this. You can follow it up and see how it really evolve in the next few days.

Q - Eduardo Rosman {BIO 16314825 <GO>}

Right, great, thank you. Thanks, thanks again.

Operator

The next question comes from Otavio Tanganelli, Bradesco BBI, BBI.

Q - Otavio Tanganelli {BIO 20615779 <GO>}

Good morning, everyone. Thank you for taking my question and congrats. I also have two questions. The first is about cost to service, cost to serve, I saw there was this decrease quarterly and annually. So what do you think can be done to bring this number down to have more operating leverage as revenue grows?

The second question, and this was part of Rosman's question two. On the platform, the exposure that you would like to have for non-accountholders, does that involve anything related to credit operations, card, prepaid card or not or will it just be an app without much balance risk for shopping and investment? Thank you.

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Well, thank you for your -- sorry, Tanganelli, thank you. Thank you, Tanganelli for your question. I think that this efficient operating leverage you've mentioned, although, there's always the point of inflection and it's been taking place for a few quarters even if we grew a lot in new customers, we have an ARPU that's stable and strong growth in the cost to serve, which you've mentioned.

So operating leverage is a combination of these two elements, the two acronyms, CTS and ARPU. We did improve ARPU and the cost to serve, CTS. So the cost to serve, what's the point here. That's something great for us to think when you consider modeling, there are two elements. First, the faster we grow, the more expenses we have to make. And CAC or CAC also means more expenses, even underwriting when you originate more credit, there are more expenses, operating expenses, provision expenses, it's really heavy.

So let me explain what I think is going on. We have improved our nominal growth in the number of accountholders, but we are decreasing our margin. So when you consider break it down into direct and indirect, direct expenses grow less and they drag down the cost to serve. So this dilution of our indirect costs is very positive. And then there's this other point which is technological/regulatory like with PIX. PIX has been improving our numbers dramatically.

When we -- look, we'll have this public hearing about the customer service, PIX and change also to remove money from circulation, I see CTS a very good lights in terms of regulatory and technology innovation and the number of customers. And ARPU, what Alexandre mentioned before that -- of over 3.2% [ph], it's now 3.5% [ph] almost. So we will have more operating leverage even if there is this growth of accountholders.

In terms of the app, well, in this case, Tanganelli, the first focus, when you use the expression low-hanging fruit, let's use what we have our shopping, our insurance and then we may add new features, what other investment can be offered for non-accountholders, what can be done. As you said, can I launch a prepaid card, I don't know that this can be done or can I offer credit, like we have our consortium, a sort of a way of providing credit. So we can explore this for all Brazilians, not only for our 11 million accountholders.

So one thing is having a flow of people on your app, and then you use your data intelligence to sell more services. And this may include credit services that are not on our - in our balance. So it's not one of our first short-term deliveries. It's not there. Let's be on the same page. We're talking about what we already have, like our shopping, our insurance, maybe something on the investment, and these other parts, Intercel and consortium, everything is not yet.

Q - Otavio Tanganelli {BIO 20615779 <GO>}

Very, very clear, Joao. Thank you.

Operator

Our next question comes from Yuri Fernandes, JPMorgan.

Q - Yuri Fernandes

Thank you, everyone. Good morning, Joao. Congrats on your growth. My question is about credit portfolio, so we see good prospect with the product. SMI is the only one that is accelerating quarter-over-quarter. So I need to know more about your expectation for the year in terms of portfolio growth and in terms of capital as well? I don't know if this is a problem to you, but as we think about volumes, what are your expectations?

My second question is about deposits. We saw some speeding up in some line savings, and growth year-over-year, and even this 5% growth quarter-over-quarter, it seems to be good, but the market was expecting more. So in terms of deposits, what has taken place, is -- does this mean an increase in your customer base that led to a drop in your balance to clients, customers or is this about the feature, that functionality or how could we think about this average balance per client in -- customer in deposits?

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Okay, Yuri, I'll start with your last question. This is a relatively recent topic we discussed with our Chief Economist, Ms. Vitoria, not that recent, it was at the beginning of the year. She said you can expect reduction in deposits. This is how the economy works. In quarter one, it usually takes place, but our scale is so large. So we know how the Brazilian economy works. When you're small, you may have some specific situation, but that's not our case anymore. So we always respond to the general trend. So it is seasonal indeed, we don't see fewer people using deposits for people -- customers that are less engaged, it's all about the seasonality. So what I'm trying to say is that I believe our quarter two will be even if quarter one was good, the second quarter will be even better in terms of deposits, it's just about seasonality. And as our Chief Economist said, that's about deposits.

Now when you compare deposits and the number of customers with some digital portfolios and some apps, you see that our performance is much better, more engaged, and they use us as a private account for deposits. Now credit growth, that's also something that is related to seasonality, and SME has to deal with seasonality too, not waiting for this to cool down, just the opposite, it goes well with our deposits, short-term

FINAL

deposits. So we have helped a lot of people in LM, we've been growing well, and we're also putting up our origination in rural or farming, we have a good product there. So we're not expecting any reduction in SME.

As for credit growth, we, I believe will still be growing on the levels we have seen in the last quarters 60%, 80% a year. If you can't grow -- can you grow this much, yes, you can, can you grow with quality, yes, you can. So these two major portfolios we have in Brazil credit portfolios are real estate and payroll. And these are the products we have, we master at Inter. We have the most experience in origination. When you consider our current accountholders, it's really strong in both real estate and payroll credit.

It's like when you go to the zoo, I mean, we have a good brand to explore and we use data a lot. This is something that need -- of course, it can always be improved and we're expecting strong credit growth, and we'll be really aggressive in the best sense of the word. We're making the most of these opportunities, and we have been, what, provided portability. Our accountholders, for instance, if they have payroll credit in other banks, they can use portability to bring it to our bank, and the impact of our NII or financial margins.

Q - Yuri Fernandes

Wonderful. Thank you very much, Joao for your answers.

Operator

Our next question comes from Pedro Leduc, Itau BBA.

Q - Pedro Leduc {BIO 16665775 <GO>}

Good afternoon, everyone. Congratulations on your earnings. Thank you for taking my question. Now with regards to ARPU or revenue per customer, it's been growing year-over-year, very good, especially when you have this last fall in OPEC now, if you look at it quarter-over-quarter, there was this decrease in the service, not credit, but there was this decrease in the service, some fee services had decreased quarter-over-quarter. I have some suspicion, some ideas, but I'd like to listen from you why do you think this decrease has happened quarter-over-quarter and what we should expect for the next quarters?

This is my first question.

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Well, Pedro, thank you. Again, let's discuss your suspicion or ideas, and we've discussed this extensively as we were preparing a report and there is always this issue of the denominator. This was the quarter in which we probably added the most accountholders, historically speaking. And even in Q4 2020, we had a great quarter, but now there was this decrease and we need to keep the same level of engagement we had before.

So if it grows more, we will have the same engagement level, of course, we need it and we need to recover it. So when we look at those quarters as we said, that figure that had like a ladder, we have been increasing engagement levels quarter-over-quarter. So we're expecting this quarter that should be really productive and good in terms of new

accountholders. We're expecting it, I mean the result is that we will keep improving our ARPU from now on.

In other words, we don't see things decreasing or getting worse. We have an amazing shopping. We had amazing shopping results when we compare e-commerce in Brazil, B2W and Magalu, they've been falling and we have been growing in sales of MV. Insurance has also been fantastic. And to be fair, our investment platform didn't do as much as expected. We've been investing in this to achieve what we have achieved, but we didn't have as much as we expected. We were expecting to have a great performance level in 2021. In other words, we're really comfortable with this decrease in the quarterly ARPU. Well, in addition, there was a contraction in credit, although there was strong origination quarter-over-quarter.

Q - Pedro Leduc {BIO 16665775 <GO>}

So will you keep working on this?

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Yes, exactly, Pedro. This is, I mean in terms of credit, the dynamic is also a market dynamic, and you need to consider opportunities, it's not worrisome and not even relevant.

Q - Pedro Leduc {BIO 16665775 <GO>}

I agree. We can discuss my suspicions later on, Joao. Can I ask a second question, Inter Shop GMV quarter-to-quarter in spite of its seasonality, can you explain if there was any new partner? Was this a result of more engagement? Your take-rate growth, take-rate was stable and your net take-rate increased almost 10 times. So was that a result of the sales profiles that you negotiated better to improve this in cashback? Thank you.

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Well, Pedro, we've been insisting on this, right with our analysts and investors. But the Inter Shop dynamic, something we tend to forget about it is that our vertical, it's been there for a year and four months, it's like it's in its infancy. So I think there's a combination of factors. We have new -- bringing in new partners and end-to-end where people check out inside our app that helps the take-rate, improve the take-rate, I don't see the difference, they had much better conversion rate. So they end up paying a greater take-rate. We also have a combination of services with greater take-rates. So there is no silver bullet. We have been improving, that's it.

And in terms of engagement, the number of shopping users has been growing significantly, people are now learning about this feature. And again, this was the greatest deliverable this quarter. It's not only quantitative -- it's not quantitative. So far it's qualitative. When we consider people that have problems in credit limit, if they can choose and convert some purchase that they couldn't make, if we didn't have this feature, I believe we will improve our GMV, because people will be able to buy and improve their net take-rate because people won't have their cashback and they just extend their credit limit.

I can give you a number to give you an idea. Considering the GMV we've had so far, only 25% of people spent in GMV is beyond their limit. So the person had BRL2,000, they had BRL1,500 -- spent BRL1,500 and they wanted -- they had just BRL500 and they wanted to buy something that costs BRL750, so they spent BRL500, that's already part, that's for them. So only BRL250 was the part that exceeded the limit, so it was somewhat less. So the net take-rate in this purchase was much better. It was 100% of the gross take rate. So this point of the limit will help a lot in the net take-rate.

Q - Pedro Leduc {BIO 16665775 <GO>}

Thank you, and congratulations again.

Operator

Our next question comes from Jorg Friedemann, Citibank.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Thank you for taking my question. Can you hear me well?

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Yes, you're great, Jorg. I can hear you fine.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Right. Well, I have some brief questions. The first one is a bit more complicated, it's more strategic. Let me know if I'm interpreting this in the right way. Yesterday, you announced that you were offering insurance for real estate credit. And in terms of products, the partnership with Liberty, it didn't include exclusivity or you had two service providers. Now can you -- did you have flexibility in this, I need to understand this better? Has anything changed in your partnership with Liberty? And then I'll have two other questions that will concern figures?

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Well, Jorg, it's really straightforward. We have exclusivity with Liberty for some products, products that Liberty wants to explore. So for SSH or other products, Liberty doesn't have it, so we used to work with some. So we really wanted to have a better partnership, Sonoff, well they're good. They're our major partner. So it doesn't -- our partnership with Liberty goes on are Dental, with Liberty, it's the same example. So everything we can explore on our counter for technical reasons, pricing, appetite, if Liberty doesn't want to explore it, we can do it with other insurers. Let's move on to your next questions.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Perfect, very good. The other two questions are rather straightforward. I need to understand your results, you had significant increases over BRL87 million in the quarter, I need to understand why this happened? And number two, in the last two quarters, percentage of the CDI and cost of -- of the exchange rate, it has stabilized and increased

even. Does this have to do with greater payments, compulsory payments or as a percentage of the CDI?

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Okay, Jorg. You've known us for a long time. We, you know, we have a limit, and we want - we won't be decreasing this forever. We need to consider the timeframes. We have now LM to address, even with securitization. And that's -- and this is -- as I said to Rosman, we will have this with LM, and I believe we are really like the ceiling of our funding costs, sorry, the floor of our funding costs and then we have IPCA. So you have IPCA that pulls our costs and then it increases the profitability of our cash allocated in BNB.

So as we have a few, I'll see there was a greater increase in the cost and very good securities results because we have this robust cash, even if our credit grows, our deposits, time deposits and direct deposits haven't grown. So with the inflation rate in Selic, we are in spite of that, we have been benefiting and we have stronger strength -- more strength than before. And even if you take that question of yours, Jorg, we have grown really well in terms of products and customers without cash burning, with a very tight Selic rate, this was painful to us.

Our cash, for instance, the profitability was very low. Now, of course, we like the inflation to be under control in Brazil, but this increase in the inflation rate and Selic rate, this is positive for us. We have some tailwind now that will help, as you said, our securities. And before it was not only a tailwind, it was really a cross -- it was crosswind that blew against this. So now with the higher inflation rate and the higher Selic rate, things are like this.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Thank you.

Operator

In the interest of time, we will now close the conference call. And the Investor Relations department will be at your disposal to answer your questions. We will now close the Q&A session. I'd like now to turn it over to Mr. Joao Vitor Menin for his final remarks. Joao Vitor - Mr. Joao Vitor Menin, over to you.

A - Joao Vitor N. Menin T. de Souza {BIO 19357380 <GO>}

Well, I'll be really brief. I'd like to thank everyone for attending the questions from our analysts. And Helena is at your disposal for the questions that were not answered. So have a great day. See you in our next conference. Thank you.

Operator

Banco Inter's conference call is now closed. Thank you everyone for attending. Have a great afternoon.

FINAL

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