

## Y 2020 Earnings Call

### Company Participants

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

### Other Participants

- Analyst
- Jorg Friedemann
- Yuri Fernandes

### Presentation

#### Operator

Hello. Good afternoon and thank you for waiting. Welcome to Banco Inter's Conference Call to discuss the earnings related the Fourth Quarter and 2020.

We have here today with us the CEO of Banco Inter, Mr.Joo Vitor Menin; the VP, Mr.Alexandre Riccio de Oliveira; the Financial and IR Officer, Mrs.Helena Caldeira; and Mr.Felipe Bottino, Investments Officer.

This event is being recorded and all participants are connected only as listeners during Banco Inter's presentation. We will start the Q&A session immediately after the call presentation when further instructions will be provided. (Operator Instructions) This audio conference is being webcast live and can be accessed at [ri.bancointer.com.br](http://ri.bancointer.com.br), where the respective presentation will also be available.

Participants can submit questions on our questions on our website which will be answered by the IR team after the call is over. The audio conference is being held in Portuguese with simultaneous translation into English for our foreign investors. Before we proceed, we would like to mention that any forward-looking statements made during this call regarding the company's business prospects. As well as projections operating or financial targets or the management's expectations and assumptions about the future of the company as well as information that is available to Banco Inter future considerations are not an assurance of performance and they involve risk, uncertainty and assumptions. Since they refer to future events and are therefore dependent on circumstances that may or may not occur.

I would now like to give the floor to Mr. Joo Vitor Menin, in CEO of Banco Inter, who will start the presentation, please Mr. Menin. Over to you now.

## Joo Vitor N. Menin T. De Souza

Thank you and good afternoon to all. It is a pleasure to be here once again with you to talk about Inter's earnings in the fourth quarter and 2020. I would like to -- in my talk before I turn it over to Alexandre, our VP to cover three areas; deliveries, strategies, and the future. Well as for deliverables, we are very happy because we finished 2020 doing extremely well with our avenues for 2021, 2022 and going forward we have strong pillars in place and I would like to cover these five avenues and point out that for 2021 expect and mainly today with the Director for these avenues, Felipe Bottino, our Investments Officer, we have high expectations for this avenue for 2021, and we believe this should be our key area in terms of growth. We have high expectations there with excellent performance in all avenues in 2020.

With Bottino, also joining us to lead the way forward in this avenue in 2021. We have been talking about our inflection point or tipping point for some time now, it's an important deliverable and this quarter this has become even more clear, the monetization of the XP clients that are using our platform the monetization and we are very happy with this achievement with these results we have clearly see now that this we have reached this inflection point an also, it's also important to talk about our income or revenues per user in 2020, it was very strong. In 2020, we still have an upside which is important to mention and service cost was also important.

And we have to look at the scale and other initiatives as well, we would also like to highlight Pix which was implemented in the last quarter of 2020, and very positive for our company. As for our strategy, we in our releases, earnings releases and meetings want to point out that we are verticalizing our operation by combining retail and banking operations. So very few companies may be Inter is the only one, the only business that has been able to do this in Brazil bringing together the legal aspects of the retail, especially e-commerce. By retail, I mean products and services and we have brought it together with banking services.

Digital banking services payments and credit and there's the addressable market is massive here. And this is the future without a doubt. These are the two major industries in our country that will converge and go side-by-side, Inter has played a key role in this action and we have a unique position in this market. In March, we're going to launch the new operation for new accountholders and we are going to further widen the addressable market. This will be possible due to the fact that we have brought together retail and banking operations. And this is possible because our IT delivered very strongly in 2020 as I usually point out, we have brought everything together in one single app. This is very important and the IT department has merit, great merit in this and since we're talking about talent attraction.

In January, we set up our IT hub in Recife where we have 45 people working and focusing on these new deliverables. As for sale on our strategy, we are convinced that innovation is something we should always focus on here at Banco Inter and we are constantly

FINAL

innovating and launching new products as you all know. I would like to mention our food deliverable over the next weeks, it will be available in our app and over the next two, three months we're going to relaunch our Intercel product, there are high expectations in this partnership with Vivo for this product. We're going to further consolidate in our customers lives, in people's lives.

As for the future the third area we would like to explore, we finished 2020 very well with excellent results for the quarter and January started strong, not only always strong but it was our best month with new accountholders and credit concessions, loans and our guidance of 15 million accountholders for 2021 goal without mentioning the non-accountholders that can join us through the apps is more concrete, a more concrete number. And still on the future, we have improvements for all of these avenues in 2020. We have already seen some of them and they shall continue throughout 2021, for example in shopping, our take rate has grown. We have more shops in our end-to-end at once we gain scale, we are take rate from our retailers goes up.

And insurance, we increased penetration in 2020 and this trend will continue in 2021 even though we will have more accountholders, because we will be providing a better experience and launching new products every quarter. In terms of investments, the Inter Invest area we have launched new products by the end of 2020, future is in e BM&F, which was not available. And in January this year we launched more products, Trade PRO for instance for investors among many other products and this cross-selling within our customers for investments is an excellent opportunity for growth in 2021. As for loans and credit and important activity which originated Inter bank. Well, we had a strong quarter January, February positive results and this is possible just regardless the macro scenario in our country in Brazil, we are looking at micro actions have more competitiveness, CRM data to reach over 9.5 customers with more effectiveness and we have been doing the credit underwriting successfully.

It's effective and competitive as for usability and recurrence and usability we have increased our CSI, or cross-selling index, our product cross-selling index and we -- this trend will continue going forward in 2021 and this metric indicates that our platform has been used massively. Deposits are another important metric. Our customers' metrics are either in the platform or bank that they choose and it makes us proud to see that deposits and Inter have grown even higher than the number of new accountholders in 2020. And I would also like to point out that yes, it was a challenging year despite the fact it was a tough year. We had some setbacks, the low Selic rate for instance, which is a drawback and investments, the massive investments we made in all of these products.

But despite those facts we have to celebrate it was the best ever quarter in 2020 in terms of results and earnings which actually supports all that I have mentioned earlier. We are convinced and remain convinced that the road we took three or four years ago to challenge the status quo in the banking sector and now also the retail sector in Brazil is quite a challenge, has been a challenge and the name of the game for us to continue winning this battle is efficiency effectiveness. We will provide better prices and products to our clients with have more engagement and monetization and revenues.

And we have been very effective in all of those things over the last years. I would like to thank all our employees. We have over 2,200 employees who are engaged in working for Banco Inter over 9.5 customers and 6,000 shareholders that trust in our company, in our business. Thank you to all. And now I'll turn it over to Alexandre and I'll be back for the Q&A session. And let's keep moving forward. Over to you Alexandre.

## Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Good afternoon. Thank you all for your participation in one more earnings call. I will walk you through the figures and evolutions we've had in the quarter and the year. As you've all seen in our preview, 2020 was once again the best year in the history of our business. This year was positive here in operational KPIs and in most of our financial metrics as well. We've attained record levels and a very positive performance and we have amazing achievements in all of our avenues. Our team is extremely strongly focused on efficiency effectiveness as Joo Vitor has said, and striving for operational excellence to provide an ever-better experience to our customers. It will be more effective for the company and retail, digital retail. These are actually -- they go together very closely together.

I'd like to walk you through some of our success stories by showing you our figures beginning with the macro level with customer base engagement. We've reached 8.5 million accountholders, almost 110% growth or with -- our CAC was under control. Over the last quarter, the CAC was very close to what we had in the last quarter in 2019. Looking at the season it was slightly above average. We had a 21% decline in customer service. Our ARPU, the average revenue per client grew for the third quarter in a row, an important trend that is supported by a cross-selling capacity or CSI, the cross-cutting index went up to 3.6% in the quarter and it was below 3 before that. We grew a 141% customer engagement with our app also high above the customer base going from 300 million logins in 2019 to 855 million in 2020.

Looking at day-to-day banking, we've reached BRL6.7 billion in demand deposits. An important annual growth also looking at the correlation with the customer base growth looking at 450 to 1.300 the transactions BRL1.7 billion and 153% growth compared to the 4Q 2019, once again not related to customer base growth, which is important, it's a higher growth in transactions credit card transactions or card transaction meaning customers are using our company more and more and we've seen this for three major reasons, three key reasons. Implementation of a credit model that includes optimization of limits, which was very helpful. Our app experience cash back program among other things that have driven customers to migrate their credit card activities to enter in marketplace.

In the quarter we had our first Black Friday for good which we called, Orange Friday, which helped us gain an amazing GMV BRL632 million in the quarter with revenues reaching BRL400 million, reaching BRL1 million for hundred customers, which were active, 9.5 million transactions in Inter Shop and our experience has been reaching and attracting customers the shopping today is bringing and driving new customers to Banco Inter and we ended with BRL2.5 billion GMV last year and we are actually fulfilling our dream in this avenue.

FINAL

Bloomberg Transcript

FINAL

And going back to what Joo said in marketplace, the take rate was 4.7%, it went to 6% an excellent indicator that our strategy, our upselling strategy end-to-end is working. In terms of investments, we included the fourth quarter with BRL44 billion in assets under custody, 136% growth, reaching 2.5 million active users. And we continued to maintain the 10% retail investors with 130,000 from the stock exchange and we are growing there and reaping results from our entertainment structure. Our platform is growing. And now with Bottino joining us here in our area. Our revenues grew over 66% compared to 2019, reaching BRL56 million in insurance. We are continue writing our amazing story and digital insurance reaching 265,000 users, different from what we had in the end of 2019.

Inter seguros is now in the company a key generator of revenues with BRL432 million. And we're focusing on selling insurance now within this context and are reaping results and there is more to come. In credit, we also have the ice topping, we have many ice toppings here. Our commercial strategy is becoming better and better. With our collection strategy, we've reached BRL1 billion in our credit portfolio loan -- portfolio surpassing our expectations, but it's important to mention that, we have not entered a known avenues to deliver. These are areas that we have tested and that are known to our company.

And finally some financial highlights we've had a 33% growth in total revenues reaching BRL1.4 billion in 2020, we've grown a 128% in our service revenues for BRL541 million with a healthy mix in seven income groups that are individually relevant, these service revenues represent 45% of our net to total net revenues. And finally our annual results BRL5.6 million with a good recovery in the fourth quarter and Basel at the end of the year is 32%. We have room to maintain accelerated growth and credit and to keep on focusing on M&A.

I would like to conclude by thanking our clients, our team, our shareholders, and take other stakeholders, we have fulfilled our mission in 2020 and will do much more in 2021. Now I'd like to turn it over to Helena.

### **Helena Lopes Caldeira** {BIO 21222037 <GO>}

Good afternoon to all. Thank you for your participation in one more earnings call. I would like to share some messages before we open for the Q&A.

Covering some particular points. First, I would like to talk about ESG 2020 was a key year in this area. We have actually implemented some important initiatives such as finding the global pact, we have the inventory of emissions and we have actually offset our carbon emissions this year and we have also implemented the basic pillar with our projects. We are going to share all of the details in our first Annual Report that will be produced in the second quarter this year. And will be handed and shared to all of you with the intention to communicate our actions in this digital ecosystem with all the growth avenues that we have been taking.

As for M&A we still -- we're still working on an important pipeline this year. We are planning to work in the five avenues, there's room for growth in the five avenues and with M&A and we are also looking at the integration of the companies. We have acquired

recently and we have had improvements and are going to leverage the Win Back initiatives. We're planning how we're going to work together. Granito, we've had the carry approval. We are still waiting for the BASM approval. We believe that with Granito, competences we are going to leverage our corporate initiatives and also individual initiatives. But mainly above all, we will have the payment system and we're going to open our app for non-accountholders as Joo mentioned.

I would like to also talk about the market dynamics, there is an important increase in the average volume that has been negotiated in Banco Inter recently the RDTV, 30 days reaching BRL235 million riyals, BRL137 million for BG11[ph], BG11 is going to MCI today and we believe that (inaudible) will be knocking on our door, especially in the near future. And well closing 2020 as Alexandre and Joo said, on a very high note and we firmly believe we will continue building this amazing project we have started.

And thank you all for your participation once again in our earnings call. Some questions are already coming in and we will continue our conversation.

## Questions And Answers

### Operator

(Question And Answer)

Ladies and gentlemen, we will now begin the Q&A session. (Operator Instructions) Our first question is from Jorg Friedemann with Citibank. Please go on.

#### Q - Jorg Friedemann {BIO 15405752 <GO>}

Thank you very much for this opportunity. Good afternoon to all. Can you hear me?

#### A - Joo Vitor N. Menin T. De Souza

Yes, we can.

#### Q - Jorg Friedemann {BIO 15405752 <GO>}

Excellent. Thank you, Helena. I'd like to ask you two questions. One is related to Inter Shop. Maybe if you can give us an idea in marketplace on the target you have. The immersions you plan to reach by the end of 2021 and how you perceive the net take rate trends? Because, the retailer mix, well, as it grows, it will contribute to increase the growth take rate, I believe and how do you perceive this cash back dynamic just to get an understanding of the take rate how it will evolve? The second question has to do with financial discipline metrics something that drew my attention is well, the write-off growth levels, write-offs are important and you have actually cleared your balance quite well. So where does this charge-off come from and can we expect a reduction of those levels over the next semester's? Or as a result of the pandemic should we expect the charge off to remain at the same levels? Thank you.

FINAL

## A - Joo Vitor N. Menin T. De Souza

Hello, Jorg. This is Joo Vitor here. I'll answer your question related to shopping and Alexandre will talk about the write-off. As for shopping, it's hard to predict how many merchants we will have by the end of 2021. The fact is we have realized that as we've become more relevant in the market, some merchants major retailers or marketplaces that were resistant that we're not willing to integrate their product offers with Inter are now knocking on our doors. So you will see that we have interesting merchants that are going to join this quarter, some have already joined. And we will definitely be -- well, we might double the number of merchants and trend because with affiliates we have all the merchants already.

Why do I give you this end-to-end overview going to the second part of your question. This is where we can optimize in that take rate and more as more merchants come in and increase our take rate. At the same time as the market perceives that we are verticalizing that it's good thing to sell through interest dropping. I don't have the acquirers NDR, I don't have to pay Google or Facebook for media campaigns or to be global, you name it for Billboard or Outdoor. We have actually they are more willing to give their take rate to Inter therefore and this is a place where they can -- we can have GMV.

On the other hand, in terms of our customer base and we have tested their sensitivity already towards cash back as well, there are more things involved in that such as customer experience, their credit card limit. These initiatives also caused this percentage as cash back to go down looking at the take rate in the past month. So yes, there's been an increase in the net take rate and there will be -- will continue to be in the 2021 despite GMV. And Alexandre over to you now.

## A - Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Okay. So going back to your -- to the write-off. This was something we expected. We were expecting in April 2019, we implemented the new concession model for credit cards. We expect it to have lower results and this portfolio actually shrunk, but there's a convergence that is very similar to what we see in the market. So the model is proving itself. And we believe there's still more that can be reduced going forward considering the strategy we have adopted in. Well, as the pandemic broke and during the pandemic, so we have six segments. We had one, two, three and four for credit cards with COVID we went to one, two, three and further reduced this portfolio, further shrunk, so you have a higher write-off, which is a result of the smaller portfolio and the success of this new model, which does not demand the same levels of provisioning as the previous models did.

## Q - Jorg Friedemann {BIO 15405752 <GO>}

Perfect, Alexandre. Thank you very much. Thank you, Joo Vitor also for answering. Maybe if I can, if I may, I would like to ask another question. Briefly, can you give us an idea of what the tax rate should be for 2021 there's a lot of volatility? So maybe this would bring more clarity to our modeling?

## A - Joo Vitor N. Menin T. De Souza

Well, I would say that maybe we could do a follow-up. Because there's still a very high level of uncertainty in regards to the tax rate, but it will not differ much from that of 2020.

**Q - Jorg Friedemann** {BIO 15405752 <GO>}

Okay fine. Thank you will get back to the topic later. Thank you.

**Operator**

We have one more question from Yuri Fernandes from JP Morgan. Please you may proceed.

**Q - Yuri Fernandes**

Thank you, Joo Vitor, Alexandre, Helena. Thank you for the opportunity to ask a question. About your strategy for SME with a strong growth, last quarter it has been growing even with origination you had almost 50% growth. It's interesting, I know you have a supply chain strategy and you also showed, you had seven key partners and I would say really is related to the number of partners you have. So how can you continue growing at the same pace? And SME, how could you attract also major -- more major partners for supply chain? And I'll ask my second question afterwards.

**A - Joo Vitor N. Menin T. De Souza**

Yuri, this is Joo Vitor here, in fact, we do have an important strategy for SME and just to give you an overview of SME. As you know, our funding cost is extremely competitive, it's the lowest funding costs among Brazilian banks, it's growing, it's pulverized, it's low cost, but it's related, it depends on demand deposit. So in our treasury we need to have a clear strategy, we have long-term assets and payroll and real estate with higher spread. So what we're doing, we're using this cash access that we have the abundant money, because our customers use Inter as a primary account and we're assigning, the allocated those in the short-term supply chain and receivables for SME credit card.

So the two key groups are first, credit card receivables that we are exploring, increasingly exploring we tend to say that it's almost an inter banking risk with tax rate that is higher than Selic. So this has just begun and now with the acquisition of Granito, this can be of course leverage for performed and non-performed and in supply chain when we look at the seven partners. If I'm not mistaken and we have 19 partners today. So we have Felipe Flecha, our superintendent, who is focusing on attracting new partnerships and has been doing a great job there and the experience, the technology experience has been enhanced as well.

We want to be the top competitor and the productive chains. We are seeing as the best platform by customers and we also say that we are almost doing market dumping because our funding for demand deposits is very low, we have competitive fees, dumping is not just fees, but we have the technology preposition is very effective. So our volume is growing consistently the operation is great. You have the Selic, Selic adjustments, you can adjust that rate every 30 days. The SME is important for monetization growing credit portfolio and this will continue growing in 2021.



## Q - Yuri Fernandes

Thank you, Joo Vitor. Very clear. And if I may, I'd like to ask one more question about credit card. So product -- the two products that had the highest growth credit card and SME's and credit cards there's a convergence in your NPL. I think it's related to the previous question the write-off. And maybe also with the assured products that you have. Could you maybe elaborate on that? Then one more question still on credit cards. We see that the revolving credit and installments that you provide are better than the industry 13%, 14% and the industry is at around 20% there. So can you also elaborate more on that? Why do you have this lower fees well or rate?

## A - Joo Vitor N. Menin T. De Souza

Yuri, we would need to have one call dedicated fully to credit cards because as you all know we're obsessed with having more pulverized and lower cost product for our customers. I write an article saying that revolving credit is the lowest cost in Brazil is still high, but the lowest cost. Why is that? Because, we have a different approach to us having a high revolving rate to bring a higher transaction volume is not is not the game we want to play. We started out and the market knows that we started out and credit -- credit cards with we were very conservative and our models evolved gradually and at the same time the model evolved was enhance. We wanted to go for customers that want to use credit cards as a credit instrument. They can also use payroll real estate credit cards are not meant for that.

So we have been focusing on launching the CDB without limits and more interesting products. I also forgot to mention earlier that we launched account for persons to choose between cash back and extended limits for credit cards optimizing our interchange. So these -- by combining all of these actions we made up a credit card portfolio that it's very interesting. Once again, we do not want to have growth in terms of percentage -- percentages, right, speaking of percentage in revolving numbers. This is not what we want to focus on and once again the verticalization in retail, with banking and merchants. To be clear, maybe the market hasn't realized it.

This is a very powerful business. You cannot make money, have profit with credit cards. If you do consumer finance, you cannot have profits and revolving credit. We need to have it the conversions between retail and banking. So banks will provide the customers payment and credit it cut -- they all come through the bank. The take rate is our super interchange as we call it. By having the super interchange, our revolving credit can go down gradually more and more. That's a safe road to take and this is a winner model and this is a trend in Brazil and globally. Bringing merchants and banking services together and this is the key for our success, for our portfolio, we would say.

## Q - Yuri Fernandes

Thank you, very clear, Joo Vitor. Thank you so much and congratulations on your growth and on your earnings.

## A - Joo Vitor N. Menin T. De Souza

Thank you Yuri.

## Operator

(Operator Instructions) Our next question is from Yuri Fernandes, JP Morgan.

### Q - Yuri Fernandes

Yes, I would like to since we still have time. I'd like to ask one more questions. Joo, maybe well, you can talk about what we've talked to many investors lately and I've something that came up a lot was had to do with the banking and non-banking businesses that are divided. They have different capital demands, different return rates. And as we all know the bank although you do have strong Basel today. The bank will always demand capital. If you continue to grow at the same levels, unless the profitability converges, in the future you will always have this demanded, whereas the other area may generate. So how do you see that this area? Do you need to have integration, verticalization because credit can be a powerful tool for leveraging with Inter Shop with shopping one day might make sense to have to split the businesses, to have different capital demands. It's a philosophical question, but just to get an understanding of your view in the long run for these two areas, I would say off the company. Thank you.

### A - Joo Vitor N. Menin T. De Souza

Hi. Well Yuri. This is an excellent question. One of the best questions we've had in our calls. Why is that? Because I'll try to be brief and clear as to our vision for the future, present and future. So what is Banco Inter into platform as I said earlier, when we say we are an ecosystem and one avenue feeds the other, this is what it means. It's not about having more or less credit, things are correlated. So I'll give you a practical example. Well, we won't necessarily need to have a huge capital because depending on the, (inaudible) that my drive growth, I might and actually will have and this is why Bottino has joined us. I need to have an engine and an underwriting credit that is solid to implement my investment platform. We wanted to play a game here, it's not looking at the balance a BRL100 million in capital, BRL300,000 in assets and credit, no, we are looking at Inter platform. So we want to have services as a Gateway more and more, so -- but maybe, well, of course, banking is important because you will look at credit, payments these are two things.

But people talk about visual banking which is great. So I'm using part of Inter banking to do shopping, investments, insurance and disconnection this integration between avenues is very strong, I am fully convinced that credit will grow, credit is important, but our investments avenue will most likely do the trick and Inter as a business will be light and profitable, scalable. We don't want to be a company with social capital regulatory equity that will have dozens of billion of reais. This is not the game we want to play. Maybe, we don't make ourselves clear at times, people don't know what the next move will be.

But yes, that's why we talk about one single platform with integration among all the different avenues. This is simple as that. Monetization word will it come from, that's not important, because it's not, you'll have securitization. So you have the product distribution, investments, it's hard to say, what is banking revenue, nonbanking revenue, banking is always involved in the operation and more as a conclusion. When we disclose, our figures, our numbers, the ref margin we have in our credit portfolio if we actually had underrated,

we would have high profitability for Inter. But this is not quantifiable as we have this securitization engine and well you have of course 71 warehouse in balance. But if you had an engine there, you would have all this LTV and the credit operation which is important to build loyalty -- consumer loyalty is not easy to talk about it in two or three minutes, but this is something we will continue to talk about until it becomes clear to the market.

## Q - Yuri Fernandes

Thank you. Excellent, Joo Vitor.

## Operator

Our next question will be made via web. Over the web a question for Felipe Bottino. You have been working in the investments and insurance market. How do you see interest platform today when compared to the market? And what is the growth strategy for the platform over the next two years?

## A - Felipe Bottino

Thank you for the question. I'm very happy to be here with all of you. As for interest investment platform, I would say this actually reflects the capacity of execution and value generation the group has. I don't know if you're all aware, but we do have a complete investment platform. Complete meaning we have trust management, the CM variable income funds, research and private. Well, so this is an amazing value generation. It's a 100% made in-house and it was very fast in two years time. Inter built the third largest investment brokerage and totally made in-house and providing generating value -- amazing value to shareholders. The strategy is very timely.

As Alexandre and Helena mentioned, and our treasury has been scaling up and distribution today, our distribution capacity has grown importantly in banking. Everything is integrated and there's a lot of synergy there for both in terms of product offerings as well as product distribution, and we currently have well our target audience if you think about traders, as Joo said, we have just rolled out our first tools and we have a clear pipeline for 2021. We will continue launching rolling out more tools. Our marketplace will be complete in 2021 we're going to complete it with funds, pension and it will be further strengthened. These are strategies we firmly believe in and we have the related products and making related products CDB plus limits is a classic case and there are many other opportunities there as well as, well communities.

I don't know if you're all aware we have over 40,000 fixed income communities in Inter. So there's a great potential there and this will be linked to the strategy that we may call digital. Its tied to digital strategy with a supportive advisors for more sophisticated audience and more audience, and more digital and scalable. I would say this is a more complete platform than the average today. Thanks to this, all the tools that were created and developed had a know if I made myself clear, but I think it's an amazing case and I would like to greet and congratulate all of those who are involved and who built the third largest brokerage in three years for their own equity and zero spending in acquisition with this ecosystem that was built.

## Operator

Our next question is from Anglo (inaudible) with Autonomous Research. Please you may proceed.

## Q - Analyst

Hello. Good afternoon. You have increased expenses with marketing in 4Q which improves conversion. Could you further explain how that worked and what your strategy is for marketing in 2021?

## A - Joo Vitor N. Menin T. De Souza

Hello, Joo Vitor here. As I said earlier, we well had an excellent year 2020, and when things are in place, you may start pushing other things. So you have innovation for account holders and open up products and services for nonaccount holders. How can we accelerate growth? We have the best pack in the market and what have we done?

## Operator

(Technical Difficulty) The speakers may proceed through the back up.

## A - Joo Vitor N. Menin T. De Souza

Can you hear us?

## Operator

Yes, we can. Please proceed.

## A - Joo Vitor N. Menin T. De Souza

Well, can you all hear me?

## Operator

Yes, we can. You may proceed.

## A - Joo Vitor N. Menin T. De Souza

Thank you. Well, so as I was saying, yes, we actually have an extremely low CAC and we can afford to do that our client acquisition cost. And now we want to find our optimal point, of course, for growth and investments and we had BRL4 to BRL5 growth in our marketing, CAC with card embossing remaining the same with positive CAC and we should have a very strong number the first quarter for new checking accounts opened and we have 15 million checking account -- account holders which is actually ever closer. Thanks to our strategy.

## Q - Analyst

Thank you. A brief follow-up if I may. Is there a point in the platform where you expect to have higher investments or maybe once this development for non-accountholders is ready and you believe it's might be the time to further increase CAC. What could you say in this regard, please?

### **A - Joo Vitor N. Menin T. De Souza**

As I said, as for account holders or platform was really balanced with great products and we were then testing the water [ph] as it was. Once we realize that the platform for non-accountholders is sturdy. When we have monetization we might yes have something new there. We might have 15 million accountholders and millions or thousands of non-accountholders. So we will see and we will allocate funds to address this target audience, which is massive in Brazil. 210 million, we're talking about 210 million people. So yes, we might allocate funds to this addressable market.

### **Q - Analyst**

Thank you. Perfect. Thank you for your answer.

### **Operator**

Our next question is via web. How is the plan going for the ownership plan? The Inter Holding, is it going to be created, Navarro? I think it's from Navarro, right?

### **A - Joo Vitor N. Menin T. De Souza**

Thank you for your question, Navarro. We've had -- we've been conducting these studies looking at this closely for five to six months now. The initial idea was to bring all of our operations, banking to holding in Brazil and nonbanking subsidiaries branches. We actually held studies looked at the legal and ownership structure and we actually found that maybe it would be possible to do something which is really interesting to set up the holding in the U.S. rather than Brazil.

So we actually put the project on hold for a moment. We want to have a Brazil Inter holding, financial Inter holding and would have the Inter platform overseas. Because we would have important benefits there, we have just approved these studies and the Board now and we are going to may be migrate as holding overseas, set out this holding overseas it's not clear yet when and how it will be done. But we do not have, we have not set a date to actually conduct the process. We -- it's a new chapter we're going to work on to generate more value for the company, for our shareholders, and of course, we will disclose all of our steps to the market and maybe by the end of the year we will conclude the project, which is a great project, but very complex indeed.

### **Operator**

(Operator Instructions) We will now close the Q&A session. I would like to turn the floor to Mr.Joo Vitor Menin, for his final remarks his closing remarks. You have to floor Mr.Joo Vitor.

### **A - Joo Vitor N. Menin T. De Souza**

Well, thank you, everyone for your participation. We're very happy to be here. Once again, we have fortunately have good reasons to talk to you every quarter and I hope it will be the same next quarter. Have an excellent weekend everyone.

## Operator

This earnings call by Banco Inter is adjourned. Thank you all for your participation. Thank you for using Chorus Call.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*

FINAL

Bloomberg Transcript