Inter & Co (INBR32)

Higher Expenses Outpaced by Solid NII, Driving ROE to 15%

4Q25 Earnings Review

Inter delivered solid in-line results with Recurring Net Income of R$374mn in 4Q25 (+11% QoQ, +36% YoY, -1% vs. XPe). This translated into a 15.1% ROE (ex-minorities), also broadly in line with our 15.3% XPe (-20bps), maintaining the profitability expansion. Net revenues reached R$2.4bn (+11% QoQ, +30% YoY, +1% vs. XPe), backed by continued loan growth (+36% YoY) and further NIM 2.0 expansion to 9.6%. Client monetization kept improving, with Gross ARPAC at R$58.5 (+3% QoQ, +18.8% YoY) and Net ARPAC at R$35.1, reinforcing structural profitability gains. Asset quality remained relatively stable, with NPL 90+ at 4.7% (+20 bps QoQ), a trend already expected as private payroll loans continue to ramp up. However, Cost of Risk slightly decreased by 10 bps QoQ, reaching 5.3%, leading risk-adjusted NIM to close the quarter at 5.9% (+30 bps QoQ). Finally, the efficiency ratio slightly increased by 40 bps QoQ to 46.7%, partially offsetting topline gains. **We reiterate our Neutral rating, as much of the loan growth and ROE expansion path already appears priced into current expectations.**

Inter & Co (INBR32)	Neutral
Target Price (R$/sh.)	45.0
Current Price (R$/sh.)	48.4
Potential (%)	*-7.6%*
Market Cap (R$ bn)	22.1
Free Float (%)	*73%*
ADTV (R$ mn)	91

Bernardo Guttmann
TMT, Banks & Non-Bank Financials
bernardo.guttmann@xpi.com.br

Matheus Guimarães, CFA
Banks & Non-Bank Financials
matheus.guimaraes@xpi.com.br

Operating momentum & monetization. 4Q operating figures reaffirm the operating leverage thesis. The **Total Client Base** increased 4.4% QoQ to 43.1 mn, while **Active Clients** reached 25.0 mn (+4.4% QoQ; +21.5% YoY). The Activity Ratio improved to 58.0%, the highest in the series. **Gross ARPAC** increased to R$58.5 (vs. R$56.8 in 3Q), while Net ARPAC reached R$35.1, reflecting stronger credit mix, improved pricing and higher interchange revenues. Mature cohorts continue to deliver robust monetization levels above R$130 gross ARPAC. **Funding** remains a structural highlight. Total Funding reached R$72.9 bn (+7% QoQ; +32% YoY), while Cost of Funding remained highly competitive at 65.6% of CDI, even in a high-rate environment — a key differentiator versus peers.

Loan Portfolio & Yields. Loan Portfolio totaled R$48.3 bn (+10.1% QoQ; +35.6% YoY). Growth was broad-based across i) Real Estate (+48% YoY); ii) Personal/Payroll (+47% YoY); and iii) Credit Cards (+29% YoY). **Private Payroll loans** reached R$1.9 bn. In terms of spreads, **NIM 2.0** reached a new high of 9.6%, while **Risk-Adjusted NIM** improved to 5.9%, reflecting improved pricing discipline and better capital allocation.

Asset quality showed mild pressure but remains under control.

- NPL >90 days: 4.7% (+20 bps QoQ; -20 bps YoY)
- Early delinquency (15–90 days): broadly stable
- Coverage Ratio: 141% (still robust)

Cost of Risk did not accelerate materially despite the faster origination pace. Part of the NPL uptick is explained by the ramp-up of Private Payroll loans, which naturally carry a slightly higher expected risk at early vintages. Overall, we continue to see no signs of structural deterioration across cohorts.

Figure 01: Inter & Co 4Q25 Earnings Results

Inter & Co (INTR) | R$ mn	4Q25	4Q25e	A/E	3Q25	Q/Q	4Q24	A/A
Net Revenues	**2,398**	**2,365**	**1%**	**2,162**	**11%**	**1,844**	**30%**
Net Interest Income | NII	1,819	1,775	2%	1,623	12%	1,258	45%
Revenues from services and commissions	539	565	-5%	514	5%	514	5%
Impairment losses on financial assets	**(693)**	**(708)**	**-2%**	**(641)**	**8%**	**(496)**	**40%**
Income Before Tax and Minorities	465	468	-1%	418	11%	340	37%
Recurring Net Income	**374**	**376**	**-1%**	**336**	**11%**	**295**	**27%**
ROE (%)	15.1%	15.3%	-20 bps	14.2%	90 bps	13.4%	170 bps

Source: Company's IR; XP Investments.

Net Revenue totaled R$2.4 bn (+30% YoY; +11% QoQ; and in-line with XPe). NII remained the main driver, reaching R$1.8 bn (+45% YoY; +12% QoQ; and +2% vs. XPe) boosted by a better credit mix, with greater contribution from private payroll loans and cards. Fee income showed a mild fluctuation (-1% YoY; +7% QoQ), reflecting the impacts of 4,966 and the hard competitive scenario for Inter Shop and Inter Pag. Meanwhile, **Total Expenses reached R$1.0 bn (+21% YoY; +11% QoQ)**, mainly impacted by the seasonal profit-sharing provisions, the annual union agreement, seniorization of the team, higher transaction volumes and higher D&A. As a result, Efficiency Ratio reached 46.7% (+40 bps QoQ), while **CTS** increased to R$13.8 (vs. R$13.1 in 3Q25).

All in all, Inter delivered a **Net Income of R$374 mn** (+36% YoY, +11% QoQ; and -1% vs. XPe), which implies an **ROE of 15.1%**. On the capital front, **Basel ratio reached 14.4% (-20 bps QoQ and -80 bps YoY).** We highlight that Inter has issued Perpetual Tier I in the amount of R$250.2 mn, in addition to Tier II issuance of R$250.2 mn, totaling R$500.4 mn. Furthermore, in 4Q25, <u>the excess capital at the holding level reached R$2.0 bn</u> (up from R$1.9 bn in 3Q). If we adjust the capital ratio to include the excess capital parked at the holding level, the <u>BIS ratio would be 18.9%, a sequentially decrease of -30 bps, still above what we consider efficient.</u>

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