



Quarterly Interim Financial Information on September 30, 2019

Table of Contents

Administration report	3
Auditors' report on the parent company and consolidated quarterly interim financial information	7
Balance Sheet	9
Income Statement	11
Statement of Other Comprehensive Income	12
Statements of changes in shareholders' equity	13
Statement of cash flow	14
Statements of value added	15
Explanatory Notes to the quarterly interim financial information	16

Management Report

The Administration of Banco Inter S.A., a private multiple bank specialized in credit and digital services, in compliance with legal and statutory provisions, presents to its shareholders the Individual and Consolidated Quarterly information for the period ended on September 30, 2019. The information, unless otherwise indicated, is expressed in Brazilian currency (in thousands of Brazilian Reais) and was prepared based on accounting practices derived from the Brazilian corporate law, associated with the standards and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN), when applicable.

Banco Inter S.A.

Banco Inter is a fully digital bank and operates as a leader in the Brazilian banking industry revolution, offering a disruptive and unprecedented value proposal. It offers a new concept of bank - offering a complete portfolio of financial services and products, without charging bank fees, for all types of clients, regardless of age and economic or social condition.

We have a unique business model, bringing together the best features of the traditional banking industry and financial technology companies (*fintechs*). The 25 years of experience and history of success in the Brazilian banking industry guarantee our credibility and expertise to provide quality services and products in a strongly regulated market. The essence of fintech, in parallel, provides a modern, agile, scalable and digital business model, best serving the demands of customers and growth strategies.

Through the digital platform, accessed through our 100% digital and free account, via app and internet banking, we offer our own products and third-party products, ranging from traditional financial products to innovative services, such as current account, mortgage, personal credit, investments, insurance, consortium, Interpag (payment via QR Code), credit for prepaid cell phones, currency exchange, digital short term parking, gift cards, rural credit, among others.

On September 30, 2019, the Bank was present in more than 5,511 Brazilian municipalities, and had account holders in 100% of Brazilian cities with more than 20 thousand inhabitants. In addition, the digital platform enables an accelerated growth in the base of digital account holders, increasing from more than 1.0 million account holders on September 30, 2018 to 3.3 million on September 30, 2019, equivalent to 211% growth in the period.

Operational Highlights

Digital Account

On September 30, 2019, we beat the mark of 3.3 million digital account holders and continued to implement improvements in our Digital Account, releasing new products, such as consortium, digital short term parking and gift cards, in addition to investing in better user experience in our app. The number of accounts opened per day surpassed 13 thousand in September.

For the quarter ended September 30, 2019, the number of transactions carried out via app and internet banking amounted to 57.7 million, an impressive increase of 281.5% when compared to the same period in the previous year. In addition, the amount traded reached BRL 29.5 billion in 2019, 278.3% higher versus the same period in the previous year.

Credit Portfolio

On September 30, 2019, the balance of the Total Loan Operations amounted to BRL 4.4 billion, a positive variation of 31.0% when compared to December 31, 2018. The home equity portfolio amounted to BRL 2.4 billion, 22.7% growth compared to December 31, 2018, when it reached BRL 1.9 billion. The individual credit portfolio, at the amount of BRL 1,1 billion, showed a 23.3% growth when compared to December 31, 2018. The Corporate Credit portfolio without real estate

collateral showed a 37.0% increase when compared to December 2018, amounting to BRL 243.8 million. On September 30, 2019, the portfolio of Other Credit with characteristics of credit granting, mainly represented by credit card transactions, obtained a 89,2% growth, amounting to BRL 658.8 million. The rural credit portfolio at the amount of BRL 1.5 million, a new credit modality, compared to December 2018.

Funding

On September 30, 2019, total funding amounted to BRL 6.1 billion, 46.9% higher versus BRL 4.2 billion recorded in December 2018 and 70.0% higher than the amount recorded in the same period in 2018. The demand deposits amounted to BRL 1.5 billion, growth of 135.2% in the nine months of 2019.

Economic-Financial Highlights

Net Profit

In the first nine months 2019, the Net Profit reached BRL 56.8 million, 20.0% growth compared to the same period of 2018. The evolution of Net Profit is a result of the growth in the client base and efforts of Banco Inter to diversify the products and services offered to its clients. In addition, Revenues from Credit Operations also contributed to the expansion of Net Profit, which grew 17.2% when compared to the nine months of 2018.

Annualized Return on Average Shareholders' Equity (ROAE) in the period until September 30, 2019 was 6.0%, a 3.6 p.p reduction when compared to the same period in the previous year (ROAE of 9.6%).

Gross Result from Financial Operations

On September 30, 2019, the Gross Result from Financial Operations reached BRL 320.0 million, 27.7% higher than the amount recorded in the same period of 2018.

Administrative Expenses

Administrative and personnel expenses incurred on September 30, 2019 amounted to BRL 341.3 million, a 70.9% increase when compared to the same period of 2018, a growth explained by the Bank's preparation for larger-scale operations, in addition to the increasing volume of operations.

Equity Highlights

Total Assets

Total Assets amounted to BRL 9.2 billion in 2019, 63.7% higher when compared to December 2018. The highlight was the Credit Operations, which amounted to BRL 4.4 billion on September 30, 2019, representing a 31.0% increase in the last 9 months.

Shareholders' Equity

On September 30, 2019, Shareholders' Equity reached BRL 2.2 billion, increase due to capital fund which amounted to BRL 1.2 billion at the quarter.

The ratio between Credit portfolio and Shareholders' Equity, one of the indicators measuring the leverage degree of the institution, was 2.0 times on September 30, 2019, reduction by 43.2% compared to December 2018, when it presented a ratio of 3.5 times; however, very much consistent due to the capital increase mentioned above.

Basel Index

According to the regulatory rules of Central Bank of Brazil, banks must maintain 8% minimum percentage of risk-weighted assets that affect their operations, in order to preserve the solvency and the stability of the financial system in relation to fluctuations and economic hardships.

Banco Inter closed on September 30, 2019 with a Basel Index of 43.41%, keeping a strong capital structure for the maintenance of the institution's growth rates.

Ratings

The Investment Grade rating attributed by the specialized agencies Fitch Ratings and Standard & Poor's, with long-term national ratings of "BBB+(bra)" and "brAA-", respectively, evidencing the comfortable capitalization level and adequate liquidity position of Banco Inter. The agencies give emphasis to the improvement in credit quality, the mitigation of risks of mismatching terms and important advances in cross-selling of products and in the autonomy of funding, reflecting the benefits of the exponential growth of the client base in recent months.

Securities Portfolio - Letter No. 3,068/2001 - BACEN

Banco Inter hereby declares to have securities classified as "available for sale" at the amount of BRL 526.4 million at fair market value. These securities are mainly represented by Treasury Bills, Certificate of Receivables, Real Estate and Investment Fund Shares.

Executive Office Statement

The Bank's Executive Office hereby declares to have discussed, reviewed and agreed with the opinions expressed in the independent auditors' report, and reviewed, discussed and agreed with the financial information for the fiscal year ended on September 30, 2019.

Relation with Independent Auditors

In compliance with CVM Instruction no. 381, the Bank and its subsidiary companies have had services rendered by KPMG Auditores Independentes other than the external audit services in the period ended on September 30, 2019, as follows:

- Review of ancillary obligations related to the Fiscal Accounting Bookkeeping (ECF)

The adopted policy complies with the principles that preserve the auditor's independence, according to the internationally accepted criteria, i.e., the auditor shall not audit his own work or perform management functions at its client or promote the interests of such client.

Acknowledgments

In addition to the recurring recognition we have received from our clients, we are pleased to be included, for the fifth consecutive year, in the ranking of the "Best Companies to Work For" - GPTW, occupying the 7th position among the companies from the State of Minas Gerais.

We thank our shareholders, clients and partners for their trust, and each of our employees, who build our history day after day.

Belo Horizonte, November 06, 2019.

The Administration



KPMG Auditores Independentes
Rua Paraíba, 550 - 12th Floor - Funcionários
30130-141 - Belo Horizonte/MG - Brazil
P.O. Box 3310 - Zip Code 30130-970 - Belo Horizonte/MG - Brazil
Phone number +55 (31) 2128-5700, Fax +55 (31) 2128-5702
www.kpmg.com.br

Report on the review of quarterly interim financial information

To the Administrators and the Shareholders of

Banco Inter

Belo Horizonte - Minas Gerais

Introduction

We reviewed the Inter S.A.Bank's individual and consolidated accounting information contained in the Quarterly Information Form – ITR for the quarter ending September 30, 2019, which comprise the balance sheet on 30 September 2019, and the respective statements of profit or loss and of the comprehensive profit or loss for the three-month and nine-month period ending on that date and changes in net worth and cash flows for the nine-month period ending on that date; including the explanatory notes.

The Bank's administration is responsible for the preparation and presentation of this intermediate accounting information in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil, and for the submission of such information in accordance with the rules issued by the Securities Commission for the preparation of quarterly Information. Our responsibility is to express a conclusion about this intermediate accounting information based on our review.

Range of Review

We conduct our review according to the Brazilian and international standards of review of intermediate information (NBC TR 2410 - Review of Intermediate Information performed by the Entity Auditor and ISRE 2410 - Review of interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of intermediate information consists in conducting inquiries, mainly to the persons responsible for financial and accounting matters and in the application of analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance



with the audit standards and, Consequently, it did not allow us to gain assurance that we became aware of all the significant issues that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any fact that would lead us to believe that the said intermediate, individual and consolidated accounting information included in the quarterly information referred to above has not been elaborated, in all relevant aspects, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and presented in a manner consistent with the standards issued by the Securities and Exchange Commission – CVM.

Other matters

Demonstration of the value added

The individual and consolidated intermediate accounting information relating to the value added statements (VAD) for the three-month and nine-month period after 30 September 2019, drawn up under the responsibility of the Bank's management, whose presentation is not required in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, were subject to review procedures implemented in conjunction with the review of quarterly information - the Bank's ITR. For the formation of our conclusion, we assess whether these demonstrations are reconciled with intermediate accounting information and accounting records, as applicable, and whether its form and content are in accordance with the criteria set out in Technical Statement CPC 09 - Value Added Statement. Based on our review, we are not aware of any fact that would lead us to believe that they were not elaborated, in all its relevant aspects, in a manner consistent with the individual and consolidated intermediary accounting information taken together.

Belo Horizonte, November 06, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG

Anderson Luiz de Menezes
Accountant CRC MG-070240/O-3

Balance sheet for the period ended on September 30, 2019 and December 31, 2018
(Amounts in thousands of Brazilian Reals)

Assets	Note	Parent Company		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
Currente Assets					
Cash and Cash Equivalents	5	19,573	10,478	19,633	10,479
Interfinancial Investments	6	3,575,663	1,671,274	3,575,663	1,671,274
Open Market		3,318,237	1,535,587	3,318,237	1,535,587
Interbank deposits		257,426	135,687	257,426	135,687
Securities and derivative financial instruments	7	238,817	63,290	256,636	63,310
Own portfolio		185,244	52,309	203,063	52,329
Bound to Repurchase commitment		11,168	-	11,168	-
Bound to Provision of Guarantees		42,405	10,981	42,405	10,981
Bound to the Central Bank		-	-	-	-
Interbank Relations (assets)	8	354,590	90,118	354,590	90,118
Outstanding Payments and Receivables		112,790	-	112,790	-
Deposits with the Central Bank		241,800	90,118	241,800	90,118
Interdependent relations		200	3	200	3
Internal Funds Transfers		200	3	200	3
Credit operations	9	920,738	788,028	920,738	788,028
Private sector		991,395	824,158	991,395	824,158
Allowance for Loan Losses		(70,657)	(36,130)	(70,657)	(36,130)
Other credits	10	878,694	457,266	886,016	468,031
Foreign Exchange Portfolio		1,026	15	1,026	15
Income Receivable		8,735	10,508	11,724	11,758
Outstanding Settlements		2,187	2,020	2,187	2,020
Miscellaneous		872,471	447,231	876,804	456,746
Allowance for Loan Losses		(5,725)	(2,508)	(5,725)	(2,508)
Other values and assets	11	20,799	97,205	20,799	97,230
Other Values and Assets		3,398	81,480	3,398	81,480
Prepaid expenses		17,401	15,725	17,401	15,750
Total current assets		6,009,074	3,177,662	6,034,275	3,188,473
Non-current assets					
Long Term Receivables					
Liquidity interbank applications	6	-	14,613	-	14,613
Interbank Deposit Applications		-	14,613	-	14,613
Securities and derivative financial instruments	7	287,606	245,484	287,606	251,086
Own portfolio		287,606	245,484	287,606	251,086
Credit operations	9	2,684,566	2,123,484	2,684,566	2,123,484
Private sector		2,733,783	2,174,652	2,733,783	2,174,652
Allowance for Loan Losses		(49,217)	(51,168)	(49,217)	(51,168)
Other credits	10	15,582	9,493	15,582	9,493
Miscellaneous		15,637	9,557	15,637	9,557
Allowance for doubtful accounts		(55)	(64)	(55)	(64)
Other values and assets	11	122,229	12,839	122,229	12,839
Other Values and Assets		113,981	8,727	113,981	8,727
(Provisions for Devaluations)		-	(277)	-	(277)
Prepaid expenses		8,248	4,389	8,248	4,389
Total Long Term Receivables		3,109,983	2,405,913	3,109,983	2,411,515
Permanent Assets					
Investments	12	35,189	17,570	1,105	1,105
In the country		34,084	16,465	-	-
Others Investments		1,105	1,105	1,105	1,105
Property, Plant and Equipment for use		20,833	13,777	20,883	13,826
Real State		5,465	-	5,465	-
Other Fixed Assets for use		25,958	22,450	26,028	22,517
(Accumulated Depreciation)		(10,590)	(8,673)	(10,610)	(8,691)
Intangible	13	61,371	26,041	62,896	26,425
Intangible Assets		68,938	27,375	70,641	27,786
(Accumulated Amortization)		(7,567)	(1,334)	(7,745)	(1,361)
Total permanent assets		117,393	57,388	84,884	41,356
Total non-current assets		3,227,376	2,463,301	3,194,867	2,452,871
Total Assets		9,236,450	5,640,963	9,229,142	5,641,344

The explanatory notes are an integral part of these financial statements.

Balance sheet for the period ended on September 30, 2019 and December 31, 2018
(Amounts in thousands of Brazilian Reals)

		Parent Company		Consolidated	
Liabilities	Note	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Current Liabilities					
Deposits	14a	1,966,944	1,212,085	1,962,984	1,210,718
Demand deposits		1,461,566	619,655	1,457,606	618,288
Savings deposits		218,513	73,778	218,513	73,778
Term deposits		286,865	460,482	286,865	460,482
Other deposits		-	58,170	-	58,170
Funding in the open market		154,252	30,704	147,652	25,888
Own portfolio		11,281	30,704	11,281	25,888
Third-party portfolio		142,971	-	136,371	-
Funds from acceptances and issuance of bonds	14b	1,252,442	1,197,540	1,252,359	1,197,540
Funds from Real Estate, Mortgage, Credit Letters and Similars		1,252,442	1,197,540	1,252,359	1,197,540
Interbank Relations	8	528,923	265,081	528,923	265,081
Receipts and Payments to be settled		528,923	265,081	528,923	265,081
Interdependent relations		-	440	-	440
Borrowing obligations		-	2	-	2
Onlending obligations - Official institutions	15	1,306	1,338	1,306	1,338
Onlending obligations		1,306	1,338	1,306	1,338
Derivative financial instruments		10,816	996	10,816	996
Other obligations	16	186,765	175,328	196,223	184,191
Charge and Collection of Taxes and Similars		1,987	1,221	1,987	1,221
Foreign Exchange Portfolio		2,086	1,788	2,086	1,788
Social and Statutory		11,371	8,033	14,371	8,033
Tax and social security		11,781	8,615	13,935	9,980
Securities Trading and Brokerage		-	-	1,933	7,703
Miscellaneous		159,540	155,671	161,911	155,466
Total current liabilities		4,101,448	2,883,514	4,100,263	2,886,194
Non-current liabilities					
Long-term liabilities					
Deposits	14a	2,168,230	1,182,350	2,160,774	1,179,800
Time Deposits		2,168,230	1,182,350	2,160,774	1,179,800
Funds from acceptances and issuance of bonds	14b	721,758	566,396	721,758	566,396
Funds from Real Estate, Mortgage, Credit Letters and Similars		721,758	566,396	721,758	566,396
Onlending obligations - Official institutions	15	28,855	30,648	28,855	30,648
Onlending obligations		28,855	30,648	28,855	30,648
Other obligations	16	21,484	18,940	21,118	18,940
Miscellaneous		21,484	18,940	21,118	18,940
Results of Future Periods		6,458	10,334	6,458	10,333
Total Long-term liabilities		2,946,785	1,808,668	2,938,963	1,806,117
Shareholders' Equity					
Share Capital	19	2,067,207	848,760	2,067,207	848,760
Domiciled in the country		2,067,207	848,760	2,067,207	848,760
Capital reserve		1,306	1,290	1,306	1,290
Profit reserve		119,676	102,503	119,676	102,503
(-) Equity Value adjustment		28	(3,340)	28	(3,340)
(-) Treasury shares		-	(432)	-	(432)
Participation has no leadership control		-	-	1,699	252
Total shareholders' equity		2,188,217	948,781	2,189,916	949,033
Total non current liabilities		5,135,002	2,757,449	5,128,879	2,755,150
Total liabilities		9,236,450	5,640,963	9,229,142	5,641,344

The explanatory notes are an integral part of these financial statements.

Statement of shareholders' equity
Quarteres and Semesters ended on September 30, 2019 and 2018
(Amounts in thousands of Brazilian Reals)

	Note	Parent Company				Consolidated			
		09/30/2019	Accrued 2019	09/30/2018	Accrued 2018	09/30/2019	Accrued 2019	09/30/2018	Accrued 2018
Net Interest Income									
Credit operations	9f	167,455	476,436	152,525	406,674	167,455	476,436	152,525	406,674
Income from Foreing Exchange Operations		30	435	636	1,353	30	435	636	1,353
Income from interbank liquidity investments	6	42,143	96,773	18,843	40,571	42,143	96,773	18,843	40,571
Income from securities	7	6,922	16,435	5,111	15,906	7,456	17,688	5,613	18,046
Income from derivative financial instruments	7	142	2,130	-	-	142	2,130	-	-
		216,692	592,209	177,115	464,504	217,226	593,462	177,617	466,644
Financial Operations Expensens									
Market funding operations	14c	(66,088)	(184,877)	(57,617)	(161,442)	(66,010)	(184,527)	(57,522)	(161,154)
Borrowings and onlending obligations		(438)	(1,534)	(418)	(1,297)	(438)	(1,534)	(418)	(1,297)
Allowance for Loan Losses	9e	(33,920)	(87,359)	(11,591)	(40,372)	(33,920)	(87,359)	(11,591)	(40,372)
Transfer Sales Operations of financial assets (expense)		-	-	(1)	(1)	-	-	(1)	(1)
Derivative operations	7	-	-	(4,551)	(13,154)	-	-	(4,551)	(13,154)
		(100,446)	(273,770)	(74,178)	(216,266)	(100,368)	(273,420)	(74,083)	(215,978)
Gross profit from financial operations		116,246	318,439	102,937	248,238	116,858	320,042	103,534	250,666
Other operational revenues (expenses)									
Fee Income	21	25,196	63,365	10,094	25,874	32,492	84,290	14,754	40,292
Personnel expenses	22	(41,487)	(114,181)	(30,379)	(79,561)	(43,393)	(119,029)	(31,578)	(86,656)
Other administrative expenses	23	(83,686)	(217,840)	(48,065)	(111,942)	(85,488)	(222,293)	(48,485)	(113,049)
Tax Expenses		(9,509)	(25,503)	(6,830)	(17,537)	(10,105)	(27,110)	(7,196)	(18,671)
Result of interests in subsidiaries	12	2,723	9,183	2,544	6,923	-	-	-	-
Other operating income	24	13,433	35,714	8,327	23,151	15,067	37,589	8,354	23,181
Other operating expenses	25	(12,573)	(48,035)	(7,776)	(17,583)	(12,618)	(48,087)	(7,626)	(15,444)
		(105,903)	(297,297)	(72,085)	(170,675)	(104,045)	(294,640)	(71,777)	(170,347)
Operational result		10,343	21,142	30,852	77,563	12,813	25,402	31,757	80,319
Non-operational result		(2,856)	33,766	(6,078)	(13,373)	(2,856)	33,730	(6,078)	(13,373)
Income before tax on profit		7,487	54,908	24,774	64,190	9,957	59,132	25,679	66,946
Income tax	18	3,108	-	(3,239)	(3,239)	2,353	(1,844)	(3,609)	(4,521)
Social contribution	18	1,918	-	(2,669)	(2,669)	1,556	(843)	(2,819)	(3,231)
Deferred income tax and social contribution	18	(1,904)	703	(147)	(11,534)	(2,046)	400	(164)	(11,684)
		3,122	703	(6,055)	(17,442)	1,863	(2,287)	(6,592)	(19,436)
Profit of the Semester		10,609	55,611	18,719	46,748	11,820	56,845	19,087	47,510
Profit attributable to:									
Interests of controlling shareholders						55,611			762
Interests of non-controlling shareholders						1,234			46,748
Basic earnings per share - BRL			0.4587		0.5367		0.4689		0.5455
Diluted earnings per share - BRL			0.4515		0.5367		0.4616		0.5455

The explanatory notes are an integral part of these financial statements.

Statements of comprehensive income

Quarters and periods ended on September 30, 2019 and 2018
(Amounts in thousands of Brazilian Reals)

	Parent Company				Consolidated			
	09/30/2019	Accrued 2019	09/30/2018	Accrued 2018	09/30/2019	Accrued 2019	09/30/2018	Accrued 2018
Profit of the quarter / period	10,609	55,611	18,719	46,748	11,820	56,845	19,087	47,510
Other comprehensive income for the quarter / period								
Items that can be subsequently reclassified to the result								
Evaluation result at fair value of securities available-for-sale	(76)	(102)	(2)	(83)	(107)	(102)	(2)	(83)
Total comprehensive income for the quarter / period	10,533	55,509	18,717	46,665	11,713	56,743	19,085	47,427
Allocation of comprehensive income								
Share of comprehensive income of controlling shareholders					11,713	55,509	18,717	46,665
Share of comprehensive income of non-controlling shareholders					-	1,234	368	762
Total comprehensive income for the quarter / period					10,729	56,743	19,085	47,427

The explanatory notes are an integral part of these financial statements.

Statement of shareholders' equity
Quarters and periods ended on September 30, 2019 and 2018
(Amounts in thousands of Brazilian Reals)

	Share Capital	Capital reserve	Profit reserve		Equity Value adjustment	Accrued profit	Treasury shares	Total Bank Equity	Non-Controlling Interest in Subsidiaries Equity	Total Shareholders' Equity
			Legal reserve	Profit retention reserve						
Balance on December 31, 2017	311,874	-	9,875	63,461	166	-	(2,284)	383,092	979	384,071
Capital increase	553,863	(545)	-	-	-	-	-	553,318	-	553,318
Cost of share issuance	(16,977)	-	-	-	-	-	-	(16,977)	-	(16,977)
Shared based payments	-	1,305	-	-	-	-	-	1,305	-	1,305
Result for the semester	-	-	-	-	-	46,748	-	46,748	762	47,510
Proposed allocations:										
Constitution of legal reserve	-	-	2,337	-	-	(2,337)	-	-	-	-
Constitution of profits reserve for distribution	-	-	-	16,909	-	(16,909)	-	-	-	-
Dividends and interest on equity (BRL 0.09/share)	-	-	-	-	-	(27,502)	-	(27,502)	(252)	(27,754)
Treasury shares	-	-	-	(1,905)	-	-	1,852	(53)	-	(53)
Capital transactions	-	-	-	-	(3,665)	-	-	(3,665)	(1,335)	(5,000)
Adjustment to market value	-	-	-	-	(83)	-	-	(83)	-	(83)
Balance on September 30, 2018	848,760	760	12,212	78,465	(3,582)	-	(432)	936,183	154	936,337
Changes in the period	536,886	760	2,337	15,004	(3,748)	-	1,852	553,091	(825)	552,266
Balance on December 31, 2018	848,760	1,290	13,262	89,241	(3,340)	-	(432)	948,781	252	949,033
Capital increase	1,248,315	(87)	-	-	-	-	-	1,248,228	213	1,248,441
Goodwill treasury shares sale	(29,868)	-	-	-	-	-	-	(29,868)	-	(29,868)
Share-based payment	-	192	-	-	-	-	-	192	-	192
Result for the semester	-	77	-	-	-	-	-	77	-	77
Proposed allocations:										
Constitution of legal reserve	-	-	-	-	-	55,611	-	55,611	1,234	56,845
Constitution of profits reserve for distribution	-	-	2,781	-	-	(2,781)	-	-	-	-
Dividends and interest on equity (BRL 0.25/share)	-	-	-	14,392	-	(14,392)	-	-	-	-
Treasury shares	-	-	-	-	-	(38,438)	-	(38,438)	-	(38,438)
Capital transactions	-	(166)	-	-	-	-	432	266	-	266
Adjustment to market value	-	-	-	-	3,470	-	-	3,470	-	3,470
	-	-	-	-	(102)	-	-	(102)	-	(102)
Balance on September 30, 2019	2,067,207	1,306	16,043	103,633	28	-	-	2,188,217	1,699	2,189,916
Changes in the period	1,218,447	16	2,781	14,392	3,368	-	432	1,239,436	1,447	1,240,883

The explanatory notes are an integral part of these financial statements.

Cash flow statements

Periods ended on September 30, 2019 and 2018

(Amounts in thousands of Brazilian Reals)

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Prepared by indirect method				
Operational activities				
Net income	55,611	46,748	56,843	47,510
Provision for income tax	-	-	2,687	1,844
Allowance for Loan Losses	87,359	40,372	87,359	40,372
Deferred taxes	(703)	11,534	(324)	11,684
Civil, labor and tax Provisions/(Reversals)	6,299	12,474	6,299	12,474
Result of interests in subsidiaries and associated companies	(9,224)	(6,923)	(41)	-
Result of foreign exchange variation	(354)	(1,292)	(354)	(1,292)
Depreciation and amortization	9,105	1,610	9,258	1,617
Recognized Grant Options and Share-Based Payment	77	772	77	772
(Gain) / loss on the sale of permanent assets	(75)	-	(75)	-
Other capital gains and losses	(40,288)	2,142	(40,288)	-
Change in assets and liabilities				
Reduction/(Increase) in liquidity interbank investments	(107,126)	(49,378)	(107,126)	(49,378)
Reduction/(Increase) in securities	-	-	(12,282)	-
Reduction/(Increase) in Interbank relations	(1,341)	3,643	(1,341)	3,643
Reduction/(Increase) in credit operations	(781,150)	(377,882)	(781,150)	(377,882)
Reduction/(Increase) in other credits	(433,532)	(221,591)	(430,451)	(222,697)
Reduction/(Increase) in other values and assets	(32,985)	(14,547)	(32,960)	(14,521)
Reduction/(Increase) in deposits	1,740,740	476,160	1,733,241	474,514
(Reduction)/Increase in funding in the open market	123,548	-	121,764	-
Reduction/(Increase) of obligations for operations	-	14,286	-	14,286
Reduction/(Increase) in funds from acceptances and issuance of bonds	210,264	153,285	210,264	153,285
(Reduction)/Increase of interdependent relations	73	936	73	936
(Reduction)/Increase in obligations from borrowings and onlendings	(1,828)	(2,507)	(1,828)	(2,507)
(Reduction)/Increase in derivative financial instruments	9,820	5,016	9,820	5,016
(Reduction)/Increased in results of future periods	(3,875)	11,625	(3,875)	11,625
(Reduction)/Increase in other obligations	29,567	107,942	24,089	108,531
Net cash used in operating activities	859,982	214,425	849,679	219,832
Taxes and Social Contribution Paid	-	(8,925)	188	(11,054)
Investment activities				
Acquisition of investments	(18,982)	(1,388)	(13,982)	(1,388)
Disposal of investments	45,000	32	45,000	32
Acquisition of property, plant and equipment for use	(10,639)	(3,547)	(10,642)	(3,574)
Disposal of property, plant and equipment for use	735	-	735	-
Acquisition of intangible assets	(41,566)	(14,402)	(42,858)	(14,431)
Increase in securities available for sale	(570,582)	(630,558)	(570,582)	(859,041)
Reduction in securities available for sale	334,295	670,520	334,295	898,300
Receipt of dividends	6,532	2,285	-	-
Net cash used in investment activities	(255,207)	22,942	(258,034)	19,898
Atividades de financiamentos				
Capital increase	1,218,359	512,819	1,231,359	512,819
Purchase of options - Share-based payments	-	534	-	534
Sale of treasury shares	457	-	457	-
Repurchase of treasury shares	-	(53)	-	(53)
Interest on equity and dividends paid	(32,200)	(13,389)	(32,200)	(13,618)
Net cash from financing activities	1,186,616	499,911	1,199,616	499,682
Increase (decrease) in cash and cash equivalents	1,791,391	728,353	1,791,449	728,358
Cash and cash equivalents at beginning of period	1,546,065	472,261	1,546,067	472,262
Cash and cash equivalents at end of period	3,337,810	1,201,906	3,337,870	1,201,912
Effect of exchange rate variation on cash and cash equivalents	(354)	(1,292)	(354)	(1,292)
Increase (decrease) in cash and cash equivalents	1,791,391	728,353	1,791,449	728,358
Noncash transactions				
Provision for interest on equity	38,439	27,502	38,439	27,502
Payment off of capital with interest in equity	-	9,857	-	9,857
Capital increase - share-based payments	-	545	-	545
Expenses for issuance of shares	-	13,365	-	13,365
Update Securities x Equity	(102)	77	(102)	77

The explanatory notes are an integral part of these financial statements.

Added value statement

Quarters and periods ended on September 30, 2019 and 2018

(Amounts in thousands of Brazilian Reais)

	Parent Company				Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018
Revenue	209,647	599,690	175,216	461,189	219,066	623,655	180,557	479,923
Financial operations	220,805	603,773	181,823	483,180	221,339	605,026	182,325	485,320
Fee Income	25,196	63,365	10,094	25,874	32,492	84,290	14,754	40,292
Financial asset transfr. sale operations	-	-	(1)	(1)	-	-	(1)	(1)
Borrowings and onlending obligations	(438)	(1,534)	(418)	(1,297)	(438)	(1,534)	(418)	(1,297)
Allowance for Loan Losses	(33,920)	(87,359)	(11,591)	(40,372)	(33,920)	(87,359)	(11,591)	(40,372)
Other operational revenues/expenses	860	(12,321)	1,387	7,178	2,449	(10,498)	1,566	9,354
Non-operating	(2,856)	33,766	(6,078)	(13,373)	(2,856)	33,730	(6,078)	(13,373)
Expenses on Financial Operations	66,088	184,877	62,168	174,596	66,010	184,527	62,073	174,308
Materials and services purchased from third parties	81,306	213,704	50,898	125,872	83,007	217,924	51,299	126,915
Materials, energy and others	68,415	177,035	40,123	86,966	69,072	178,975	40,397	87,692
Third Party Services	12,891	36,669	10,775	38,906	13,935	38,949	10,902	39,223
Gross added value (1-2-3)	62,253	201,109	62,150	160,721	70,049	221,204	67,185	178,700
Retentions	(3,991)	(9,105)	(836)	(1,610)	(4,049)	(9,258)	(838)	(1,617)
Depreciation and amortization	(3,991)	(9,105)	(836)	(1,610)	(4,049)	(9,258)	(838)	(1,617)
Net added value produced by the entity (4 + 5)	58,262	192,004	61,314	159,111	66,000	211,946	66,347	177,083
Added value received on transfer	2,723	9,183	2,544	6,923	-	-	-	-
Equity income result	2,723	9,183	2,544	6,923	-	-	-	-
Value added to distribute (6 + 7)	60,985	201,187	63,858	166,034	66,000	211,946	66,347	177,083
Distribution of added value	60,985	201,187	63,858	166,034	66,000	211,946	66,347	177,083
Personnel and Charges	35,181	97,894	30,379	79,561	36,840	102,098	31,580	86,658
Direct remuneration	27,079	76,859	24,883	65,542	28,468	80,382	25,912	72,164
Benefits	6,416	16,643	4,563	11,320	6,629	17,170	4,695	11,664
FGTS	1,686	4,392	933	2,699	1,743	4,546	973	2,830
Taxes, contributions and fees	12,694	41,087	12,885	34,979	14,795	46,329	13,787	38,106
Federal	11,784	38,394	12,335	33,783	13,670	43,017	13,069	36,416
Municipal	910	2,693	550	1,196	1,125	3,312	718	1,690
Rents	2,501	6,595	1,875	4,745	2,545	6,674	1,893	4,809
Interest on Equity	12,812	38,438	9,167	27,501	12,812	38,438	9,167	27,501
Dividends distributed	12,813	12,813	-	-	12,813	12,813	-	0
Result retained in the semester	(15,016)	4,360	9,552	19,248	(15,016)	4,360	9,920	20,009
Interests of non-controlling shareholders	-	-	-	-	1,211	1,234	-	-

The explanatory notes are an integral part of these financial statements.

Explanatory Notes to the financial statements

(in thousands of Brazilian Reais, except where indicated otherwise)

1 Operational context

Founded in 1994, Banco Inter S.A. (the “Bank” or the “Institution”) started operations in February 1995, with the credit operations and provision of other services allowed by the Central Bank of Brazil as main purpose, being allowed, under the terms of the applicable legislation, to participate in other companies. The Bank is a publicly traded private company in Brazil, operating as a Multiple Bank.

Banco Inter, a multi-service digital bank, with a complete platform for individuals and legal entities, provides credit focused on Real Estate Credit, Personal Credit, Corporate Credit and Credit Card products. The Bank’s operations are funded by a diversified portfolio of products, including: Savings, Real Estate Secured Bill (LIG), Certificate of Deposit (CDB), Letter of Real Estate Credit (LCI), Letter of Agribusiness Credit (LCA), Financial Letter (LF) and Time Deposit.

During the third quarter of 2019, new insurance lines were launched, as well as the new Shopping and parking categories, to increase our marketplace.

2 Presentation of the financial statements

The financial statements were prepared based on the provisions set forth in the Brazilian Corporate Law (Law 6,404/1976), including the amendments introduced by Law 11,638 dated December 28, 2007 and Law No. 11,941 dated May 27, 2009 in compliance, as applicable, with the regulations of the Central Bank of Brazil (BACEN) and the National Monetary Council (CMN), based on the Accounting Plan for Institutions of the National Financial System (COSIF).

Adhering to the process of convergence with the international accounting standards, some standards and their interpretations were issued by the Accounting Pronouncements Committee (CPC). These will be applicable to financial institutions when approved by CMN.

In this context, the accounting pronouncements approved by the CMN are:

Resolution no. 3,566/2008 - Impairment of assets - CPC 01 (R1).

Resolution no. 3,604/2008 - Cash Flow Statement - CPC 03 (R2).

Resolution no. 3,750/2009 - Disclosure on related parties - CPC 05 (R1).

Resolution no. 3,823/2009 - Provisions, Contingent Liabilities and Contingent Assets - CPC 25.

Resolution no. 3,873/2011 - Subsequent events - CPC 24.

Resolution no. 3,989/2011 - Share-based Compensation - CPC 10 (R1).

Resolution no. 4,007/2011 - Accounting policies, change in estimate and correction of error - CPC 23.

Resolution no. 4,144/2012 - Basic Conceptual Pronouncement - CPC 00 (R1).

Resolution no. 4,424/2015 - Employee benefits – CPC 33 (R1).

Resolution no. 4,524/2016 - Effects from variations in foreign exchange rates and conversion of financial statements – CPC 02 (R2).

Resolution No. 4,534/2016 - Intangible assets – CPC 04 (R1).

Resolution no. 4,535/2016 - Property, plant and equipment – CPC 27.

Currently, it is not possible to estimate when CMN will approve further accounting pronouncements from CPC, nor whether their use will be prospective or retrospective.

The Administration hereby declares that the disclosures made in the individual and consolidated financial statements of Banco Inter present all relevant information used in its management and that the described accounting practices were consistently applied in the periods.

CMN Resolution 3,786/09 and BACEN Circular Letter 3,472/09 established that annually, since December 31, 2010, financial institutions and other institutions authorized to operate by this body, constituted as a publicly-held company or required to set up an Audit Committee, must, prepare and disclose their consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), following international pronouncements issued by IASB - International Accounting Standards Board, within 90 days after the base date of December 31.

Additionally, CMN Resolution No. 3,853/10 and BACEN Circular Letter 3,447/10 were published, which govern the disclosure of interim consolidated financial statements in IFRS and clarify that the obligation applies to financial institutions that publish interim financial statements in this financial standard. On March 11, 2019, Banco Inter provided its IFRS financial statements for December 31, 2018 available at <https://ri.bancointer.com.br/>, in the Investor Relations (IR) area and to CVM.

The issuance of the financial statements was authorized by the Executive Office in the minutes of Meeting of the Executive Office held on May 08, 2019.

a. Use of estimates and judgments

In the preparation of these financial statements, the Administration used judgments, estimates, and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from such estimates.

Estimates and assumptions are reviewed continuously. reviews of the estimates are recognized prospectively. Information on the uncertainties related to assumptions and estimates that have a significant risk to result in material adjustment in the years after 2019 are included in the following explanatory notes:

- Explanatory Note no. 7 - estimates of the fair value of certain financial instruments and impairment of securities classified as available-for-sale.
- Explanatory Note no. 9 - Provisioning criterion: the measurement of estimated loss from credit operations.
- Explanatory Note no. 10 - recognition of deferred tax assets: availability of future taxable income against which tax losses can be used.
- Explanatory Note no. 20 - recognition and measurement of provisions and contingencies: main assumptions about the likelihood and the magnitude of fund outflows.

3 Main accounting policies

a. Basis for consolidation

The following table shows the subsidiaries included in the consolidated financial statements:

Entity	Branch of Activity	Shareholding (%)	
		09/30/2019	12/31/2018
Inter Distribuidora de Títulos e Valores Mobiliários Ltda.	TVM Distributor	98,3%	98%
Inter Digital Corretora e Consultoria de Seguros Ltda.	Insurance Broker	60,0%	100%
Inter Asset Administradora de Fundos Ltda.	Fund Administrator	99,9%	-

(i) Subsidiaries

The Bank is the controlling company of an entity when it is exposed to, or is entitled to, the variable returns arising from its involvement with such entity and has the ability to affect those returns by exercising its power over the entity. The financial statements of subsidiaries are included in the

consolidated financial statements as from the date the Group gains control until the date on which the control ceases to exist.

In the individual financial statements of the parent company, when required, the financial information of subsidiaries is recognized using the equity income method.

(ii) Non-controlling interest

The Bank and its subsidiaries recognize the non-controlling interest in the net equity in the consolidated balance sheet. In transactions involving purchases of shares from holders of non-controlling interest, the difference between the amount paid and the interest acquired is recorded in the income for the period. Gains or losses on sale to holders of non-controlling interest are also recorded in the income for the period.

Profits or losses attributed to non-controlling interest are presented in the consolidated income statements as profits or losses attributable to non-controlling interest.

(iii) Balances and transactions eliminated in the consolidation

Balances and transactions between companies of the Bank and its subsidiaries, including any unrealized gains or losses arising from intercompany transactions, are eliminated in the consolidation process. Unrealized losses are removed as unrealized gains, but only to the extent that there is no evidence of impairment.

b. Basis for measurement

The financial statements were prepared based on historical cost, except, when applicable, for certain financial instruments measured at their fair values, as described in the accounting practices below. Historical cost is usually based on the fair value of the compensation paid in exchange for assets.

c. Functional currency

These financial statements are presented in Brazilian Reals, which is the Institution's functional currency. All financial information presented in Brazilian Real has been rounded to the nearest thousand, unless provided otherwise.

d. Income calculation

In compliance with the accrual basis, revenues and expenses are recognized in the income statement in the period they belong to, and, when they are correlated, simultaneously, regardless of receipt or payment of cash. Contracts with variable rates are measured based on the *pro rata die* criterion, based on the variation of the respective agreed indexes, and contracts using fixed rates are recorded at the redemption value, adjusted for unearned income or expenses corresponding to the future period. Transactions indexed to foreign currencies are adjusted up to the balance sheet date by the current rate.

e. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, securities purchased under agreements to resell and interbank deposits, highly liquid short-term investments with negligible risk of variation in value and limit, with 90-day maturity or less on the date of acquisition, which are used by the Bank to manage its short-term obligations. These are presented in Explanatory Note no. 5.

f. Interbank investments

Interbank investments are recorded at the acquisition cost, plus the income earned up to the balance sheet date, deducting the allowance for impairment losses, when applicable.

g. Securities

Securities are recorded and classified in compliance with BACEN Circular Letter no. 3,068/2001, which sets forth the evaluation and accounting assignment criteria for securities. The Bank has securities classified as:

Securities available-for-sale - Include securities booked at market value, their interest income being recognized in the statement of income and gains and losses arising from changes in market value, not yet realized, recognized in a specific equity account (valuation adjustment reserve), net of the corresponding tax effects, when applicable, until realized through sale.

Securities held for trading - securities acquired for the purpose of being actively and frequently traded. Gains and losses arising from changes in market value are recognized in the income statement.

Securities classified in the available-for-sale category, as well as derivative financial instruments, are shown in the balance sheet at their estimated fair value. Fair value is generally based on market price quotations or market price quotations for assets or liabilities with similar characteristics. If such market prices are not available, fair values are based on forecasts made by market operators, pricing models, discounted cash flow or similar techniques for which the fair value determination may require Administration's judgment or significant forecast.

h. Derivative financial instruments

Derivative financial instruments are valued at fair value. The changes in market value are booked in the income or expense accounts or in shareholders' equity, depending on the classification among accounting hedge, its categories and economic hedge.

The fair value methodology of derivative financial instruments was established in compliance with consistent and verifiable criteria, taking into account the average trading price on the day of calculation or, if not available, pricing models that reflect the likely net settlement value according to the characteristics of the derivative.

Transactions are recorded at fair value considering the mark-to-market methodologies adopted by the Bank, and their adjustment may be accounted for in profit or loss or in equity, depending on the classification between hedge accounting, its categories and economic hedge.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposures to variations in market value or in the cash flow of financial assets or liabilities, expected future obligation or transaction are considered hedge instruments and are classified according to their nature in:

Market risk hedge: financial instruments classified as such, as well as the hedged item, have their changes in fair value recognized in the income statement for the year.

Cash flow hedge: For the financial instruments included in this category, the effective portion of the changes in fair value is recorded in equity net of tax effects. The effective portion is understood as the variation in the hedged item, directly related to the corresponding risk, it is offset by the variation in the financial instrument used for hedging, considering the cumulative effect of the transaction. Other variations in these instruments are recognized directly in the income statement for the period.

For derivatives classified in the accounting hedge category, there is monitoring of (i) effectiveness, through prospective and retrospective effectiveness tests, and (ii) mark-to-market of hedge instruments.

i. Loans and allowances for loan losses

Basically, they consist of loans and financing with fixed and variable rates. These are presented at accrued values, including income earned as a result of the contractual terms, and are classified

in the respective risk levels, in compliance with: (i) the metrics set forth by CMN Resolution no. 2,682/1999, which requires its classification into nine levels, being “AA” (minimum risk) and “H” (maximum risk); and (ii) the Administration’s assessment of the level of risk.

This evaluation, carried out periodically, considers the economic environment, past experience and specific and global risks in relation to specific contracts, debtors and guarantors. In addition, the periods of delinquency defined in CMN Resolution no. 2,682/1999 are also considered for assigning customer rating levels as follows:

Default period	Customer rating
From 0 to 14 days	A
from 15 to 30 days	B
from 31 to 60 days	C
from 61 to 90 days	D
from 91 to 120 days	E
from 121 to 150 days	F
from 151 to 180 days	G
more than 180 days	H

Interest is accrued for loans past due up to the 59th day, from the 60th day, it will only be recognized as income when it is actually received.

Renegotiated loans are maintained at least at the same risk level as that they have been classified on the date of renegotiation. Renegotiated loans that have been written off and which were in control accounts are recognized again, but classified as “H” level, and any gains from the renegotiation are only recognized as income when actually received.

Overdue operations classified as “H” level remain in this rating for six months, when they are then written off against the existing provision and controlled in a control account for at least five years.

For loans with a maturity of more than 36 months, double counting of the periods of delay described above is allowed.

The allowance for loans losses is calculated in an amount sufficient to cover likely losses in compliance with the rules and the instructions issued by BACEN, in connection with evaluations carried out by the Administration when determining credit risks.

j. Other assets

They comprise mainly assets not for own use and pre-paid expenses. Assets not for own use corresponding to real estate available for sale are classified as assets received as payment in kind and are recorded at the book value of the loan or financing, or at real estate evaluation value, the lowest of the two, as provided in BACEN Circular Letter No. 909/1985.

The pre-paid expenses correspond to investments of resources which benefits will occur in future years.

The appropriation of prepaid expenses related to the commission on loans originated by correspondents is carried out in accordance with the provisions of CMN Resolution no. 3,954/1989 and its amendments.

k. Permanent Assets

(i) Investments

When there is control or significant influence in the adminstrtaion, the investments are evaluated by the equity method. When there is no significant control or influence, investments are recorded at acquisition cost.

(ii) Fixed assets for own use

It corresponds to the rights on physical assets intended for the continuation of activities or exercised for this purpose, including those pursuant to contracts that transfer risks, benefits, and control of the assets to the entity.

Items of fixed assets are measured at the historical cost of acquisition or construction, after deducting accumulated depreciation and any accumulated impairment losses, when applicable. Depreciation is calculated using the straight-line method, using the following annual rates: furniture and equipment for own use and communication system 10%, and data processing system, 20%.

(iii) Intangible assets

Intangible assets correspond to acquired rights related to intangible assets intended for the maintenance of the entity or exercised for this purpose. It consists mainly of: (i) Rights of use, amortized over the contract terms or as the economic benefits flow to the company; and (ii) Software and internally generated intangibles, amortized within ten years.

Intangible assets with finite service lives are amortized on a straight-line basis over their estimated service lives and those with indefinite service lives are tested semiannually to identify possible impairment losses.

l. Impairment of assets

Financial and non-financial assets are evaluated in order to verify whether there is objective evidence that an impairment loss has occurred in their book value.

Objective evidence that financial assets will lose value may include non-payment or late payment by the debtor, indications of bankruptcy proceedings, or even a significant or prolonged decline in the value of the asset.

An impairment loss on a financial or non-financial asset is recognized in the income for the period if the book value of the asset or cash-generating unit exceeds its recoverable value.

On an annual basis, always on the same date, the Bank evaluates whether there is evidence of impairment.

If there is evidence of impairment, the recoverable value of the asset is estimated and compared to the book value. The recoverable value refers to the higher figure between the fair value minus selling costs and its value in use.

m. Contingent assets and liabilities

Recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are made in compliance with CMN Resolution no. 3,823/2009, according to criteria, namely:

Contingent assets: are not recognized, except when there is sufficient evidence to ensure a high level of confidence of realization, usually represented by the unappealable decision in relation to the lawsuit and by the confirmation of the ability to recover the amount by receipt or compensation with other eligible liability.

Contingent liabilities (when applicable): These arise basically from legal and administrative proceedings, inherent in the normal course of business, filed by third parties, former employees and public bodies, in civil, labor, tax proceedings and other risks. These contingencies are evaluated by legal advisors and take into account the likelihood that financial resources will be required to settle the obligations and that the amount of the obligations can be estimated with sufficient accuracy.

Contingencies are classified as (a) likely, for which provisions are recognized; (b) possible, which are only disclosed but are not provided for; and (c) remote, which do not require provision nor disclosure. The amounts of contingencies are quantified using models and criteria that allow them to be properly measured, despite the uncertainty inherent in relation to the term and value.

With regard to the measurement bases of provisions, the entity shall seek, according to CPC 25, the best estimate of the disbursement required to settle the obligation at the balance sheet date, considering the risks and uncertainties involved, including:

- When relevant, the financial effect produced by the discount to present value of the future cash flows required to settle the obligation; and
- Future events that might change the amount required to settle the obligation.

The provision for civil, tax and labor risks is recorded in the financial statements when, considering the opinion of legal advisors, the risk of loss of a judicial or administrative actions is considered probable; settlement of the obligation will require a probable outflow of funds; and the amounts involved are measurable with sufficient accuracy, being measured at the time of notification of the claim and remeasured on a monthly basis, as follows:

- Group method: processes related to causes considered similar and usual, whose value is not considered relevant, according to the statistical parameter. Civil provisions are made based on the average historical ticket of the convictions in the last 24 months and labor provisions are made based on the average historical ticket of the convictions in the last 36 months. We consider as the basis of calculation the actions judged, and the historical value of the convictions. Thus, we forecast the average ticket for all proceedings in progress, for which we consider the possibility of an outflow of resources, assuming a reliable estimate.

Legal, tax and social security obligations derive from tax obligations set forth by law, which, irrespective of the likelihood of success of legal proceedings, have their amounts recognized, when applicable, in whole, in the financial statements.

n. Taxes

Provisions for Income Tax, Social Contribution, PIS/PASEP, COFINS and ISS are recognized at the rates listed as follows, considering the calculation bases established in the legislation in force for each tax:

Taxes	Rates
Income tax	15%
Income Tax Additional	10%
Social Contribution on Profit - until August 2015 and after December 31, 2018	15%
Social Contribution on Profit - since September 2015 until December 31, 2018	20%
PIS/PASEP	0.65%
COFINS	4%
ISS	Up to 5%

The deferred tax assets and deferred tax liabilities derive from the application of the current tax rates on their respective bases. For the constitution, maintenance and write-off of deferred tax assets, the criteria established by CMN Resolution no. 3,059/2002, amended by CMN Resolutions no. 3,355/2006 and CMN no. 4,192/2013, are complied with.

The social contribution on profit was calculated until August 2015, considering the rate of 15%. For the period from September 2015 to December 2018, the rate was changed to 20%, according to Law no. 13,169/2015, returning to the rate of 15% since January 2019.

Income tax and social contribution expenses comprise current and deferred income tax and social contribution recognized in income.

(i) Current income tax and social contribution expenses

Current tax expense is the tax payable or receivable estimated on the taxable profit or loss for the year and any adjustment to taxes payable in respect of prior years. The amount of current tax payable or receivable is recognized in the balance sheet as a tax asset or liability for the best estimate of the expected value of the taxes payable or receivable that reflects the uncertainties related to its assessment, if any. It is measured based on the tax rates enacted on the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred income tax and social contribution expenses

Deferred tax assets and liabilities are recognized with respect to temporary differences between the accounting amounts of assets and liabilities and those used for tax purposes. Changes in deferred tax assets and liabilities for the year are recognized as deferred income tax and social contribution income or expense. Deferred tax is not recognized for:

- Temporary differences not affecting the taxable profit or loss or the accounting result.
- Temporary differences related to investments in subsidiaries, associates and joint ventures, to the extent that the Bank is able to control the timing of reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future.
- A deferred tax asset is recognized in respect to tax losses and unused deductible temporary differences to the extent that it is likely that future taxable income will be available against which it will be used. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer likely.

Deferred tax assets and liabilities are measured based on the rates expected to be applied to temporary differences when they are reversed, based on the rates enacted until the balance sheet date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Bank expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are only offset if certain criteria are met.

o. Other assets and liabilities

Other current and noncurrent liabilities are reported at known or estimated amounts, including, when applicable, accrued expenses, adjusted to their present value.

Employee vacations, due and proportional, and other benefits are fully provisioned on a monthly basis, including the applicable taxes.

p. Subsequent events

Subsequent events are events, favorable or unfavorable, occurring between the closing date of the period to which the financial statements refer and the date on which the issuance of these statements is authorized. Two types of subsequent events can be identified:

Those evidencing conditions already existing on the closing date of the period to which the financial statements refer (an event after the accounting period the statements refer to, which give rise to adjustments).

Those indicating conditions occurred after the closing date of the period to which the financial statements refer (an event after the accounting period the statements refer to, which do not give rise to adjustments).

q. Statement of value added (DVA).

Banco Inter S.A. has voluntarily prepared the individual statement of added value (DVA) in the terms of Technical Pronouncement CPC 09 – Statement of Value Added, which is presented as an integral part of the financial statements.

r. Earnings per share

The Bank's earnings per share are calculated by dividing net profit attributable to owners of the parent company by the total number of common and preferred shares.

s. Share-based payment

The fair value on the grant date of the share-based payment agreements granted to employees is recognized as expenses, with a corresponding increase in shareholders' equity, during the period over which the employees unconditionally earn the right to the payment.

4 Operating segments

The information by segment was prepared based on the criteria used by the chief operating decision-maker to evaluate performance, in making decisions regarding the allocation of funds for investment and other purposes, considering the regulatory environment and the similarities between products and services.

The operations of the Bank and its subsidiaries are basically divided into three segments: banking, securities and insurance brokerage.

Management income by segment

The measurement of management income by segment takes into account all revenues and expenses calculated by the companies that make up each segment, pursuant to the distribution stated below. There are no common revenues or expenses allocated between the segments for any distribution criteria.

Intersegment transactions are carried out under terms and rates compatible with those practiced with third parties, where applicable. Such transactions do not involve abnormal collection risks.

The Bank and its subsidiaries do not have customers accounting for more than 10% of their total net revenue.

a. Banking segment

The banking segment is responsible for the substantive portion of the Group's income, and comprises a wide range of products and services such as deposits, loans and advances to customers and services, which are available to customers through various distribution channels in the country.

The banking segment's operations include business with the retail, wholesale and government markets undertaken by a customer service network and teams, with business with micro-entrepreneurs and the informal sector carried out by banking correspondents.

b. Securities segment

This segment is essentially responsible for operations inherent to the acquisition, sale and custody of securities, portfolio management, institution, and organization and management of investment funds. Revenues are derived primarily from management commissions and fees charged to investors for the rendering of such services.

c. Insurance Brokerage Segment

This segment offers products and services related to warranties, life, property and automobile insurance. Revenues from insurance brokerage commissions are recognized when it is probable that future economic benefits shall flow to the entity. Revenues include considerations received or receivable for the provision of services.

Management income statement by segment

	09/30/2019					
	Banking	Securities	Insurance Brokerage	Consolidated Banco Inter	Adjustments and exclusions	Consolidated
Net Interest Income						
Credit operations	476,436	-	-	476,436	-	476,436
Income from Foreign Exchange Operations	435	-	-	435	-	435
Income from interbank liquidity investments	96,773	218	153	97,144	(371)	96,773
Income from securities	16,435	1,253	-	17,688	-	17,688
Income from derivative financial instruments	2,130	-	-	2,130	-	2,130
	592,209	1,471	153	593,833	(371)	593,462
Financial Operations Expensens						
Market funding operations	(184,877)	(21)	-	(184,898)	371	(184,527)
Borrowings and onlending obligations	(1,534)	-	-	(1,534)	-	(1,534)
Allowance for doubtful accounts	(87,359)	-	-	(87,359)	-	(87,359)
Operações com derivativos	-	-	-	-	-	-
	(273,770)	(21)	-	(273,791)	371	(273,420)
Gross profit from financial operations	318,439	1,450	153	320,042	-	320,042
Other operational revenues (expenses)						
Income from provision of services	63,365	7,883	13,042	84,290	-	84,290
Personnel expenses	(114,181)	(1,735)	(3,113)	(119,029)	-	(119,029)
Other administrative expenses	(217,840)	(3,420)	(1,033)	(222,293)	-	(222,293)
Tax Expenses	(25,503)	(710)	(897)	(27,110)	-	(27,110)
Result of interests in subsidiaries	9,183	-	-	9,183	(9,183)	-
Other operating income	35,714	2	1,873	37,589	-	37,589
Other operating expenses	(48,035)	(52)	-	(48,087)	-	(48,087)
	(297,297)	1,968	9,872	(285,457)	(9,183)	(294,640)
Operational result	21,142	3,418	10,025	34,585	(9,183)	25,402
Non-operational result	33,766	-	(38)	33,728	-	33,730
Income before tax on profit	54,908	3,418	9,987	68,313	(9,183)	59,132
					-	
Income tax	-	(636)	(1,208)	(1,844)	-	(1,844)
Social contribution	-	(402)	(441)	(843)	-	(843)
Deferred income tax and social contribution	703	(303)	-	400	-	400
	703	(1,341)	(1,649)	(1,631)	-	(1,631)
Profit of the period	55,611	2,077	8,338	66,026	(9,183)	56,845
Total assets	9,236,450	37,283	7,958	9,281,691	(52,549)	9,229,142
Total liabilities	7,048,233	4,591	4,867	7,057,691	(18,465)	7,039,226
Total equity	2,188,217	32,692	3,091	2,224,000	(34,084)	2,189,916

	09/30/2018					Consolidated
	Banking	Securities	Insurance Brokerage	Consolidated Banco Inter	Adjustments and exclusions	
Net Interest Income						
Credit operations	406,674	-	-	406,674	-	406,674
Income from Foreign Exchange Operations	1,353	-	-	1,353	-	1,353
Income from securities	40,571	93	256	40,920	(349)	40,571
Income from derivative financial instruments	15,906	2,140	-	18,046	-	18,046
	464,504	2,233	256	466,993	(349)	466,644
Financial Operations Expenses						
Market funding operations	(161,442)	(61)	-	(161,503)	349	(161,154)
Borrowings and onlending obligations	(1,297)	-	-	(1,297)	-	(1,297)
Allowance for doubtful accounts	(40,372)	-	-	(40,372)	-	(40,372)
Financial asset transf. sale operations	(1)	-	-	(1)	-	(1)
Derivative operations	(13,154)	-	-	(13,154)	-	(13,154)
	(216,266)	(61)	-	(216,327)	349	(215,978)
Gross profit from financial operations	248,238	2,172	256	250,666	-	250,666
Other operational revenues (expenses)						
Income from provision of services	25,874	1,122	13,296	40,292	-	40,292
Personnel expenses	(79,561)	(1,216)	(5,879)	(86,656)	-	(86,656)
Other administrative expenses	(111,942)	(725)	(382)	(113,049)	-	(113,049)
Tax Expenses	(17,537)	(267)	(867)	(18,671)	-	(18,671)
Result of interests in subsidiaries	6,923	-	-	6,923	(6,923)	-
Other operating income	23,151	30	-	23,181	-	23,181
Other operating expenses	(17,583)	(3)	-	(17,586)	2,142	(15,444)
	(170,675)	(1,059)	6,160	(163,570)	(4,926)	(170,347)
Operational result	77,563	1,113	6,416	85,091	(4,926)	80,319
Non-operational result	(13,373)	-	-	(13,373)	-	(13,373)
Income before tax on profit	64,190	1,113	6,416	71,718	(4,926)	66,946
Income tax	(3,239)	(172)	(1,109)	(4,520)	-	(4,521)
Social contribution	(2,669)	(156)	(406)	(3,231)	-	(3,231)
Deferred income tax and social contribution	(11,534)	(150)	-	(11,684)	-	(11,684)
	(17,442)	(478)	(1,515)	(19,435)	-	(19,435)
Profit of the Semester	46,748	635	4,901	52,283	(4,926)	47,510
Total assets	5,640,963	20,355	5,226	5,666,544	(25,198)	5,641,346
Total liabilities	4,692,182	7,735	1,128	4,701,045	(8,733)	4,692,312
Total equity	948,781	12,620	4,098	965,499	(16,465)	949,034

5 Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and due from banks	19,573	10,478	19,633	10,479
Short-Term Interbank Investments* see Note 6	3,318,237		3,318,237	1,535,587
Total cash and cash equivalents	3,337,810	1,546,065	3,337,870	1,546,066

(*) Refer to transactions whose maturity, on the transaction date, was equal to or less than 90 days and present a negligible risk of a change in fair value.

6 Interbank Investments

Interbank investments comprise the following items:

	Parent Company and Consolidated	
	09/30/2019	12/31/2018
Investments in repurchase agreements	3,318,237	1,535,587
Financial Treasury Letters (LFT)	57,747	140,294
National Treasury Letters (LTN)	200,329	108,000
National Treasury Security (NTN)	3,060,161	1,287,293
Investments in Interfinancial Deposits	257,426	150,300
CDI - ABC do Brasil	14,631	14,791
CDI - Banco BS2 S.A.	5,067	5,361
CDI - Banco Itaú S.A.	29,192	28,310
CDI - Banco Safra S.A.	-	20,524
CDI - Banco BTG Pactual S.A.	60,897	60,652
CDI Rural - Banco Safra S.A.	147,640	20,662
Total	3,575,663	1,685,887
Current	3,575,663	1,671,274
Non-current	-	14,613

The maturity of the investments is shown below:

	Parent Company and Consolidated		
	09/30/2019		
	Up to 3 months	From 3 to 12 months	Total
Securities			
Investments in CDI	30,649	226,777	257,426
Financial Treasury Letters (LFT)	57,748	-	57,748
National Treasury Letters (LTN)	200,329	-	200,329
National Treasury Security (NTN)	3,060,160	-	3,060,160
Total	3,348,886	226,777	3,575,663

	Parent Company and Consolidated			
	12/31/2018			
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Total
Securities				
Investments in CDI	88,582	47,105	14,613	150,300
Financial Treasury Letters (LFT)	140,294	-	-	140,294
National Treasury Letters (LTN)	108,000	-	-	108,000
National Treasury Security (NTN)	1,287,293	-	-	1,287,293
Total	1,624,169	47,105	14,613	1,685,887

On September 30, 2019, the balances of securities purchased under agreements to resell and the amount of interbank deposits with maturities of 90 days or less from the date of the investment, without expectation of significant change in fair value and redeemable at any time were considered as cash equivalent, which amounted to BRL 3,318,237 (2018: BRL 1,535,587).

The remaining balances of securities purchased under agreements to resell and the amount of interbank deposits refer to investments with maturities of 24 months or less from the date of application, without expectation of significant change in value and redeemable at any time.

The income arising from interbank investments was as follows:

	Parent Company and Consolidated			
	3rd Quarter 2019	Accrued 2019	3rd Quarter 2018	Accrued 2018
Securities purchased under agreements to resell (unpledged)	36,376	84,200	16,472	33,909
Securities purchased under agreements to resell (repledged)	2,893	5,357	285	545
Interbank deposits	2,874	7,216	2,086	6,117
Total	42,143	96,773	18,843	40,571

7 Securities and derivative financial instruments

These are represented mainly by Federal Public Bonds (LFTs), Certificates of Real Estate Receivables and by the updated amounts of the investment fund quotas.

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Own portfolio	472,851	297,793	490,670	303,415
Federal Securities	197,281	199,439	199,506	200,772
Financial Treasury Letters (LFT) - TVM	197,281	199,439	199,506	200,772
Private Securities	275,570	98,354	291,164	102,643
Real Estate Receivables Certificates	43,022	35,065	44,423	37,241
Bank Deposit Certificates	-	-	4,821	-
Agricultural Receivables Certificates	-	-	611	19
Mortgage Letter	-	-	755	-
Agricultural Letter of Credit	-	-	369	-
Debentures	75,040	-	79,067	2,071
Financial Letters - Unbound	-	-	-	-
BZS - Securitization	-	-	-	-
Investment Fund Shares	157,508	63,289	161,118	63,312
Given in guarantee	53,572	10,981	53,573	10,981
Private Securities	11,168	-	11,168	-
Real Estate Receivables Certificates - TVM	11,168	-	11,168	-
Federal Securities	-	-	-	-
Financial Treasury Letters (LFT) - Guarantee	42,404	10,981	42,405	10,981
Subtotal securities	526,423	308,774	544,243	314,396
Current	238,818	63,290	256,637	63,310
Non-current	287,606	245,484	287,606	251,086
Derivative financial instruments	(10,816)	(996)	(10,816)	(996)
Swaps	(10,816)	(996)	(10,816)	(996)
Total	515,607	307,778	533,427	313,400

On September 30, 2019, Banco Inter had obligations with derivative financial instruments amounting BRL (10,816) (2018: BRL (996)).

Securities are presented as follows:

Securities can be shown as follows:

Classification by type and maturity

Parent Company								
09/30/2019								
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Above 5 years	Market/ accounting value	Accrued value	Unrealized gains / (losses)
Available for sale								
Financial Treasury Letters (LFT)	-	51,500	149,595	38,765	-	239,860	239,862	178
Debentures	29,999	-	-	-	45,041	75,040	75,040	(0)
Certificates of real estate receivables	-	-	-	9,575	44,630	54,205	54,318	(113)
Quotas of investment funds	157,319	-	-	-	-	157,319	157,319	-
Total	187,318	51,500	149,595	48,340	89,671	526,424	526,358	65
Total Current								238,818
Total Non-Current								287,606

Parent Company						
12/31/2018						
	Up to 3 months	From 1 to 3 years	From 3 to 5 years	Market / accounting value	Accrued value	Unrealized gains / (losses)
Available for sale						
Financial Treasury Letters (LFT)	-	82,445	127,975	210,420	210,483	(63)
Certificates of real estate receivables	-	-	35,064	35,064	35,064	-
Quotas of investment funds	63,290	-	-	63,290	63,290	-
Total	63,290	82,445	163,039	308,774	308,837	(63)
						63,290
						245,484

Consolidated								
09/30/2019								
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Above 5 years	Market / accounting value	Accrued value	Unrealized gains / (losses)
Available for sale	187,318	51,500	149,595	48,340	89,671	526,424	329,079	197,345
Financial Treasury Letters (LFT)	-	51,500	149,595	38,765	-	239,860	42,402	197,458
Debentures	29,999	-	-	-	45,041	75,040	75,040	(0)
Real Estate Credit Letter (LCI)	-	-	-	9,575	44,630	54,205	54,318	(113)
Quotas of investment funds	157,319	-	-	-	-	157,319	157,319	-
Held for trading	17,819	-	-	-	-	17,819	215,099	(197,280)
Financial Treasury Letters (LFT)	2,222	-	-	-	-	2,222	199,502	(197,280)
Real Estate Credit Bill	755	-	-	-	-	755	755	-
Real Estate Receivables Certificates	1,401	-	-	-	-	1,401	1,401	-
Agribusiness Credit Bill	611	-	-	-	-	611	611	-
Bank Deposit Certificates	4,821	-	-	-	-	4,821	4,821	-
Agricultural Letters of Credit (LCA)	4,028	-	-	-	-	4,028	4,028	-
Investment Fund Shares	369	-	-	-	-	369	369	-
	3,612	-	-	-	-	3,612	3,612	-
Total	205,137	51,500	149,595	48,340	89,671	544,243	544,178	65
Total Current							256,637	
Total Non-Current							287,606	

Consolidated							
12/31/2018							
	Up to 3 months	From 1 to 3 years	From 3 to 5 years	Above 5 years	Market value/ accounting	Accrued value	Unrealized gains / (losses)
Available for sale							
Financial Treasury Letters (LFT)	-	82,445	127,975	1,334	211,754	210,483	1,271
Real Estate Receivables Certificates	-	6	37,235	-	37,241	37,241	-
Agricultural Receivables Certificates	-	-	20	-	20	20	-
Debentures	-	-	380	1,691	2,071	2,071	-
Investment Fund Shares	63,310	-	-	-	63,310	63,310	-
Total	63,310	82,451	165,610	3,025	314,396	313,125	1,271
Total Current							63,310
Total Non-Current							251,086

The income from securities was:

Parent Company			
3rd Quarter 2019	Accrued 2019	3rd Quarter 2018	Accrued 2018
Income from fixed income securities	4,535	11,697	13,126
Income from Investment Funds	2,387	4,738	2,780
Income from securities	6,922	16,435	15,906
Derivative transactions	142	2,130	-
Total	7,064	18,565	15,906

	Consolidated			
	3rd Quarter 2019	Accrued 2019	3rd Quarter 2018	Accrued 2018
Income from fixed income securities	5,069	12,950	4,605	15,266
Income from Investment Funds	2,387	4,738	1,008	2,780
Income from securities	7,456	17,688	5,613	18,046
Derivative transactions	142	2,130	-	-
Total	7,598	19,818	5,613	18,046

Such income is booked under “Financial income” from securities and derivative financial instruments.

On September 30, 2019, Banco Inter recorded a hedging operation gain at the amount of BRL 2,130 (September 30, 2018: expense at the amount of BRL 13,154).

a. Financial instruments and derivatives

Securities classified in the available-for-sale category, as well as derivative financial instruments, are shown in the balance sheet at their estimated fair value. Fair value is generally based on market price quotations or market price quotations for assets or liabilities with similar characteristics. If such market prices are not available, fair values are based on estimates made by market operators, pricing models, discounted cash flow or similar techniques for which the fair value determination may require Administration’s judgment or significant forecast.

The Bank has part of its real estate credit portfolio indexed to the General Price Index (IGP-M) of the Getúlio Vargas Foundation and the majority of its LCI funding is indexed to the Interbank Deposit (DI) rate. In order to seek protection of the institution’s revenue in relation to IGP-M fluctuations, management chose to enter into swaps. Transactions with derivatives were agreed upon in which the Bank pays IGP-M plus coupon and receives a certain percentage of the DI rate.

The operations were carried out via B3 and feature guarantee margin and control by this exchange. On September 30, 2019, Banco Inter had 11 active swap agreements (CDI x IGP-M), with a total notional of BRL 216,989 (two hundred and sixteen million, nine hundred and eighty-nine thousand Brazilian reais) and 6 active swap agreements (CDI x IPCA), with a total notional of BRL 310,000 (three hundred and ten million Brazilian reais). The swap transaction is the exchange of risks between two parties, consisting of an agreement for two parties to exchange the risk of an active (creditor) or passive (debtor) position, at a specified date, under previously established conditions.

Banco Inter’s swap operations are classified as Hedge Accounting (“Fair Value Hedge”), as a safeguard for the exposure to changes in the fair value of a recognized asset, or of an identified portion of such asset attributable to a particular risk that may affect the result.

The hedge instrument (swap) was used for the purpose of protecting risks related to the mismatch of indexes between the asset and liability portfolios, specifically between IGP-M and DI, and was recognized at fair value. The fair value is the value to be received, according to market conditions, by the assets and paid in the settlement of the liabilities, calculated based on the rates practiced in the Exchange markets.

Contracts in the real estate credit portfolio are the objects of the hedge, protected by the above-detailed instruments for which the spread are discounted, hedging only the specific risk of the portfolio.

(i) **Value of derivative financial instruments recorded in equity and compensation accounts**

Parent Company and Consolidated							
09/30/2019							
		Reference Value	Cost Value		Market Value		Gain (loss) hedge operation
			Banco	Contraparte	Banco	Contraparte	
CDI x IGPM	906722276	38,397	39,144	39,024	39,144	40,165	(1,021)
CDI x IGPM	906722594	35,842	36,539	36,426	36,539	37,757	(1,218)
CDI x IGPM	906722608	29,894	30,476	30,390	30,476	31,591	(1,115)
CDI x IGPM	906723043	17,550	17,892	17,853	17,892	18,661	(769)
CDI x IGPM	906723159	17,306	17,643	17,609	17,643	18,463	(820)
CDI x IGPM	906723160	12,000	12,146	12,050	12,146	12,336	(190)
CDI x IGPM	906723161	14,000	14,171	14,064	14,171	14,399	(228)
CDI x IGPM	906723162	11,500	11,626	11,530	11,626	11,795	(169)
CDI x IGPM	906723163	16,000	16,175	16,046	16,175	16,578	(403)
CDI x IGPM	906723164	11,000	11,121	11,036	11,121	11,474	(353)
CDI x IGPM	906723165	13,500	13,648	13,683	13,648	14,355	(707)
Total		216,989	220,581	219,711	220,581	227,574	(6,993)

							Gain (loss) hedge operation
			Cost Value		Market Value		
	Value	Reference Value	Bank	Counterpart	Bank	Counterpart	
CDI x IPCA	905638565	80,000	81,959	81,769	81,959	82,084	(125)
CDI x IPCA	905638573	60,000	61,469	61,153	61,469	61,452	17
CDI x IPCA	905638581	60,000	61,469	61,244	61,469	62,224	(755)
CDI x IPCA	905638590	50,000	51,224	51,081	51,224	52,153	(929)
CDI x IPCA	905638603	10,000	10,245	10,233	10,245	10,555	(310)
CDI x IPCA	905638611	50,000	51,224	51,189	51,224	52,945	(1,721)
Total		310,000	317,590	316,669	317,590	321,413	(3,823)

	Parent Company and Consolidated						
	12/31/2018						
	Reference Value	Cost Value		Hedge MTM Adjustment	Market Value		Differential Amount (payable) to receive
		Bank	Counterpart		Bank	Counterpart	
CDI x IGP-M 60421339	50,000	63,941	65,647	710	63,941	64,937	(996)
Total	50,000	63,941	65,647	710	63,941	64,937	(996)

8 Interbank accounts

Interbank accounts consist mainly of compulsory deposits made at the Central Bank of Brazil linked to the Bank's deposit liabilities and outstanding settlement amounts, represented by transactions in electronic currencies and other securities in clearing (asset and liability position) and are as follows:

Parent Company and Consolidated		
	09/30/2019	12/31/2018
ASSETS		
Other Settlement Systems	112,789	
Deposits Central Bank - Electronic Currency	-	49,528
Deposits Central Bank - Others	56,818	22,090
Deposits Central Bank - Compulsory Reserves	184,983	18,500
Total	354,590	90,118
LIABILITIES		
Amounts payable to Financial Institutions	(497,368)	(265,081)
Other Settlement Systems	(31,555)	-
Total	(528,923)	(265,081)

9 Credit portfolio and allowance for losses

Loans consist primarily of real estate loans and financing, working capital loans, collateralized by receivables, and personal credit operations, guaranteed by checks or direct payroll deductions.

The Central Bank of Brazil, through CMN Resolution No. 2,682/1999, introduced criteria for the classification of loans, defining rules that came into effect as from March 2000, for the constitution of allowance for loan losses and for the disclosure of data relating to the credit portfolio, namely:

a. Composition of the portfolio by type of customer and economic activity

Loans	09/30/2019	% portfolio	12/31/2018	% portfolio
Corporate	243,762	5.56%	177,923	5.32%
Corporate loans with real estate guarantee	540,913	12.34%	360,526	10.77%
Real estate financing	1,275,696	29.10%	1,071,725	32.02%
Personal loans with real estate guarantee	572,274	13.05%	514,970	15.39%
Rural funding	1,500	0.03%	-	0.00%
Personal	1,078,518	24.60%	874,375	26.12%
Adjustment of hedged loan operations	12,515	0.29%	(709)	-0.02%
Subtotal of loans	3,725,178		2,998,810	
Total current	991,395		824,158	
Total non-current assets	2,733,783		2,174,652	
Other credits				
Other credits with credit granting characteristics	166,758		83,687	
Amounts receivable in relation to transactions of payments	491,995		264,549	
Other credits with credit granting characteristics	658,753		348,236	
Total other receivables (current - Note 10)	653,460	14.91%	340,833	10.18%
Total other receivables (non-current - note 10)	5,293	0.12%	7,403	0.22%
Subtotal of credit operations and other credits with credit granting characteristics	658,753		348,236	
	4,383,931	100.00%	3,347,046	100.00%
(-) Allowance for Loan Losses (current)	(70,657)		(36,130)	
(-) Allowance for Loan Losses (non-current)	(49,217)		(51,168)	
Total (-) allowance for losses accounts	(119,874)		(87,298)	
(-) allowance for losses on other receivables with credit granting characteristics (current) (Note 10)	(5,725)		(2,508)	
(-) allowance for losses on other receivables with credit granting characteristics (non-current) (Note 10)	(55)		(64)	
Total (-) allowance for losses on other credits	(5,780)		(2,572)	
Total (-) Allowance for Loan Losses	(125,654)		(89,870)	
Total	4,258,277		3,257,176	

b. Maturity and counterparty of the credit portfolio

Loans	09/30/2019				
	Installments due as of 15 days	Maturing installments			Total
		To 90 days	From 91 to 360 days	Above 360 days	
Private sector					
Corporates	29,863	44,258	83,249	86,392	243,762
Legal entities Loan - Real estate guarantee	3,967	30,757	88,271	417,918	540,913
Real estate financing	10,886	35,000	95,845	1,133,965	1,275,696
Personal loans with real estate guarantee	8,780	19,118	47,983	496,393	572,274
Rural funding	-	-	1,500	-	1,500
Personal	122,706	169,288	187,409	599,115	1,078,518
Adjustment of hedged loan operations	12,515	-	-	-	12,515
Total credit portfolio	188,717	298,421	504,257	2,733,783	3,725,178
Other credits with credit operating characteristic					
Other credits with credit granting characteristics	367	158,217	2,882	5,293	166,759
Credit card - purchase on demand and on instalment to merchant	-	491,994	-	-	491,994
Total other credits with credit operating characteristic	367	650,211	2,882	5,293	658,753
Total credit portfolio	189,084	948,632	507,139	2,739,076	4,383,931

	12/31/2018				
	Installments due as of 15 days	Maturing installments			
		To 90 days	From 91 to 360 days	Above 360 days	Total
Loans					
Private sector					
Corporate loan	4,814	83,945	51,002	38,162	177,923
corporate loan - Real estate guarantee	3,448	21,368	58,899	276,811	360,526
Real estate financing	12,435	32,620	81,591	945,079	1,071,725
Individual Loan - Real estate guarantee	8,902	18,075	45,687	442,306	514,970
Individuals	56,006	170,454	175,621	472,294	874,375
Adjustment of hedged loan operations	-	(709)	-	-	(709)
Total credit portfolio	85,605	325,753	412,800	2,174,652	2,998,810
Other transactions characterized as loans					
Other transactions characterized as loans	6,795	67,121	2,368	7,403	83,687
Credit card - purchase on demand and on instalment to merchant	-	264,549	-	-	264,549
Total other transactions characterized as loans	6,795	331,670	2,368	7,403	348,236
Total credit portfolio	92,400	657,423	415,168	2,182,055	3,347,046

c. Composition of the portfolio by risk level (rating) and economic activity

	Minimum percentage of allowance for losses	09//30/2019		12/31/2018	
		Amount of portfolio	Allowance	Amount of portfolio	Allowance
AA	-	571,149	-	432,268	-
A	0.50%	3,266,412	(18,456)	2,472,641	(12,363)
B	1.00%	238,073	(2,381)	191,106	(1,911)
C	3.00%	116,698	(3,501)	112,853	(3,386)
D	10.00%	53,596	(5,360)	42,999	(4,300)
E	30.00%	37,356	(11,207)	24,987	(7,496)
F	50.00%	20,966	(10,483)	11,882	(5,941)
G	70.00%	18,050	(12,635)	12,792	(8,955)
H	100.00%	61,631	(61,631)	45,518	(45,518)
Total		4,383,931	(125,654)	3,347,046	(89,870)

c.1 Composition of Allowance by economic activity

	Parent Company and Consolidated	
	09/30/2019	12/31/2019
Corporates	(4,179)	(1,841)
Corporate loans with real estate guarantee	(5,595)	(7,975)
Real estate financing	(21,300)	(23,156)
Personal loans with real estate guarantee	(10,524)	(13,752)
Rural funding	(8)	-
Personal	(76,082)	(40,573)
Other Credits	(7,967)	(2,573)
Total	(125,654)	(89,870)

During the period ended on September 30, 2019, the total amount of credits recovered was BRL 8,214 (September 30, 2018: BRL 23,856), the amount of renegotiated credits was BRL 3,101

(September 30, 2018: BRL 3,040) and credits written off as loss was BRL 51,575 (September 30, 2018: BRL 40,448).

d. Rollforward of Allowances

	Parent Company and Consolidated	
	09/30/2019	12/31/2018
Initial Balance	(89,870)	(85,212)
Provision made	(110,512)	(34,695)
Reversal of provision	23,153	5,914
Write-off	51,575	24,123
Final Balance	(125,654)	(89,870)
(-) Allowance for loan losses (Note 9a)	(119,874)	(87,298)
(-) Allowance for losses on other receivables (Note 10)	(5,780)	(2,572)

e. Allowance for loan losses expense

	Parent Company and Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018
Provision made	(46,645)	(110,512)	(17,177)	(51,871)
Reversal of provision	12,725	23,153	5,586	11,499
Allowance for loan loss expense	(33,920)	(87,359)	(11,591)	(40,372)

f. Income from credit portfolio

	Parent Company and Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018
Corporate	31,365	83,990	22,099	61,450
Mortgage Loans	40,771	121,063	47,922	116,915
Home Equity	27,363	82,496	29,628	76,562
Personal	63,855	182,064	49,669	146,567
Gross income from credit operations	163,354	469,613	149,318	401,494
Recovery of written-off credits	8,214	18,387	7,914	23,856
(-) Paid commission expenses	(4,113)	(11,564)	(4,707)	(18,676)
Total	167,455	476,436	152,525	406,674

10 Other credits

These comprise balances of various debtors, as well as deferred tax assets on temporary differences.

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Current				
Foreign Exchange Portfolio	1,026		1,026	15
Advance to third parties	4,274	934	7,916	3,722
Income tax to be offset	11,939	2,232	12,295	2,782
Outstanding Settlements	2,187	2,020	2,187	2,020
Other receivables	753	-	3,742	1,250
Other debtors (a)	154,599	66,418	154,893	72,256
Deferred tax assets (d)	48,199	36,080	48,240	36,421
Checks receivable	-	734	-	734
Bonuses receivable	7,982	10,508	7,982	10,508
Amounts receivable relating to payment transactions (Note 8) (b)	491,995	264,549	491,995	264,549
Other credits with credit granting characteristics (Note 8) (b)	161,465	76,284	161,465	76,284
(-) Allowance for losses on other receivables (Note 8)	(5,725)	(2,508)	(5,725)	(2,508)
Total current	878,694	457,251	886,016	468,033
Non-current				
Tax credits (d)	9,213	1,124	9,213	1,124
Security Deposit (c)	1,131	1,030	1,131	1,030
Other assets with credit risk (Note 8) (b)	5,293	7,403	5,293	7,403
(-) Provision for other credits (Note 8)	(55)	(64)	(55)	(64)
Total non-current	15,582	9,493	15,582	9,493
Total other credits	894,276	466,744	901,598	477,526

- (a) They refer to the early payment of loans in the amount of BRL 25,521 (2018: BRL 53,734), repurchase of loans at the amount of BRL 2,426 (2018: BRL 3,629), other amounts BRL 15,514 (2018: BRL 7,286), ATM custody at the amount of BRL 80,038 (2018: BRL 1,773) and miscellaneous debtors of unused assets in the amount of BRL 31,100 (2018: BRL 0).
- (b) These refer to agreements with personal credit operations, real estate and legal entities, as well as amounts to be received from credit card operations.
- (c) The balances of escrow deposits relate to judicial deposits corresponding to: i) judicial challenge to the extinction of the inflation indexation of the balance sheet, in accordance with Law 9,249/1995, resulting from the full (deduction) recovery of the debt balance of inflation indexation in 1996 fiscal year in the assessment of IRPJ and CSLL at the amount of BRL 942 (2018: BRL 905); and ii) amounts blocked by the judicial system of the Central Bank (BACEN JUD) in current accounts maintained in Financial Institutions of BRL 187 (2018: BRL 125).
- (d) The deferred tax assets arising from temporary differences related to allowances on the credit portfolio. All such deferred tax assets are expected to be realized prior to 2020.

In addition, the deferred tax assets related to temporary differences arising from civil and labor provisions expected to be realized in 2019 are recognized.

The present value of deferred tax assets is calculated based on the average rate of Interbank Deposit Certificates estimated for the future periods (CDI of 4,93% p.a.), which results in a BRL 1,957 deduction to give a present value of BRL 57,412 on September 30, 2019.

Parent Company			
09/30/2019			
	Income tax	Social Contribution on profit	Balance of deferred tax asset
Deferral Basis Items			
Temporary differences:			
Allowance for Loan Losses	89,852	89,852	35,941
Provision under tax and civil lawsuits	14,581	14,581	5,832
Provision under labor lawsuits	3,763	3,763	1,505
Tax loss	36,525	36,525	14,610
Miscellaneous temporary differences	(1,191)	(1,191)	(476)
Calculation basis	143,530	143,530	57,412
Rate	25%	15%	
Deferred Tax Asset	35,882	21,530	57,412
Tax credits on December 31, 2018	92,975	92,975	37,190
Constitution of the period	75,967	75,967	30,387
Realization of the period	(25,412)	(25,412)	(10,165)
Deferred tax assets on September 30, 2019	143,530	143,530	57,412
		Current	48,199
		Non-current	9,213

Parent Company			
12/31/2018			
	Income tax	Social Contribution on profit	Balance of deferred tax asset
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	68,994	68,994	27,597
Provision under tax and civil lawsuits	14,233	14,233	5,693
Provision under labor lawsuits	3,947	3,947	1,579
Provision for devaluation of assets	276	276	124
Miscellaneous temporary differences	2,268	2,268	907
Hedge operations	3,257	3,257	1,303
Calculation basis	92,975	92,975	37,203
Rate	25%	15%	
Deferred Tax Asset	23,244	13,959	37,203
Deferred tax credits on December 31, 2017	76,763	76,763	34,543
Constitution of the period	87,803	87,803	39,511
Realization of the period	(71,591)	(71,591)	(32,216)
	-	-	(4,634)
Deferred tax assets on December 31, 2018	92,975	92,975	37,204
		Current	36,080
		Non-current	1,124

Consolidated			
09/30/2019			
	Income tax	Social Contribution on profit	Balance of deferred tax asset
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	89,852	89,852	35,941
Provision under tax and civil lawsuits	14,581	14,581	5,832
Provision under labor lawsuits	3,763	3,763	1,505
Miscellaneous temporary differences	(1,191)	(1,191)	(476)
Tax loss	36,525	36,525	14,610
Calculation basis	143,530	143,530	57,412
Rate	25%	15%	
Deferred Tax Asset	35,883	21,529	57,412
Tax credits on December 31, 2018	93,827	93,827	37,531
Constitution of the period	78,258	78,258	31,303
Realization of the period	(28,428)	(28,428)	(11,381)
Deferred tax assets on June 30, 2019	143,657	143,657	57,453
		Current	48,240
		Non-current	9,213
Consolidated			
12/31/2018			
	Income tax	Social Contribution on profit	Balance of deferred tax asset
Deferral Basis Items			
Temporary differences:			
Allowance for loan losses	68,994	68,994	27,598
Provision under tax and civil lawsuits	14,233	14,233	5,693
Provision under labor lawsuits	3,947	3,947	1,579
Provision for devaluation of assets	276	276	124
Miscellaneous temporary differences	2,268	2,268	907
Hedge operations	3,257	3,257	1,303
Tax loss	852	852	341
Calculation basis	93,827	93,827	37,545
Rate	25%	20%	
Deferred Tax Asset	23,457	18,765	42,222
Deferred tax assets on December 31, 2017	77,869	77,869	35,041
Constitution of the period	88,048	88,048	39,622
Realization of the period	(72,090)	(72,090)	(32,441)
CSLL rate reduction effects	-	-	(4,677)
Deferred tax assets on December 31, 2018	93,827	93,827	37,545
		Current	36,421
		Non-current	1,124

The expected realization of the deferred tax asset constituted is supported by a study of realization, prepared as shown below:

Parent Company						
09/30/2019						
	Deferred tax asset base		Income Tax		CSLL	
Term	Basis		Base value	Current value	Base value	Present Value
2019	120,497	116,761	30,124	29,190	18,075	17,515
2020	23,030	21,873	5,758	5,469	3,455	3,281
Total current	120,497	116,761	30,124	29,190	18,075	17,515
Total non-current assets	23,030	21,873	5,758	5,469	3,455	3,281
Overall	143,527	138,634	35,882	34,659	21,530	20,796

Parent Company						
12/31/2018						
	Deferred tax asset base		Income Tax		CSLL	
Term	Basis	Current value	Base value	Current value	Base value	Present Value
2019	90,200	85,586	22,550	21,397	13,530	12,838
2020	2,775	2,588	703	656	421	393
Total current	90,200	85,586	22,550	21,397	13,530	12,838
Total non-current assets	2,775	2,588	703	656	421	393
Overall	92,975	88,174	23,253	22,052	13,951	13,231

Consolidated						
09/30/2019						
	Deferred tax asset base		Income Tax		CSLL	
Term	Basis	Current value	Base value	Current value	Base value	Present Value
2019	120,625	116,761	30,151	29,185	18,089	17,510
2020	23,030	21,873	5,758	5,469	3,455	3,281
Total current	120,625	116,761	30,151	29,185	18,089	17,510
Total non-current assets	23,030	21,873	5,758	5,469	3,455	3,281
Overall	143,655	138,634	35,909	34,654	21,544	20,791

Consolidated						
12/31/2018						
	Base créditos diferidos		IR		CSLL	
Term	Basis	Current value	Base value	Current value	Base value	Present Value
2019	91,051	87,385	22,763	21,846	13,658	13,108
2020	2,776	2,588	703	655	421	392
Total current	91,051	87,385	22,763	21,846	13,658	13,108
Total non-current assets	2,776	2,588	703	655	421	392
Overall	93,827	89,973	23,466	22,502	14,079	13,501

11 Other assets

<i>Assets not for own use (a)</i>	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Goods nor for own use	113,981	88,636	113,981	88,636
Material inventory	3,399	1,571	3,399	1,571
Provision for devaluation	-	(277)	-	(277)
	<u>117,380</u>	<u>89,930</u>	<u>117,380</u>	<u>89,930</u>
<i>Prepaid expenses (b)</i>				
Prepaid expenses - correspondents	2,233	9,021	2,233	9,021
Discount on placement of securities	227	648	227	648
Other prepaid expenses	<u>23,188</u>	<u>10,445</u>	<u>23,188</u>	<u>10,470</u>
	<u>25,648</u>	<u>20,114</u>	<u>25,648</u>	<u>20,139</u>
Total	<u>143,028</u>	<u>110,044</u>	<u>143,028</u>	<u>110,069</u>
Current	20,799	97,205	20,799	97,230
Non-current	122,229	12,839	122,229	12,839

- (a) Assets not for own use refer to real estate received as payment of loans. The provision for devaluation of these properties is constituted based on an estimate made by Administration.
- (b) The expenses with commissions paid to the correspondents until December 2014 are being deferred and appropriated to the statement of income according to the term of the loan signed with the respective clients. Commissions paid as of 2015 are appropriated to the statement of income in accordance with the provisions of CMN Resolution 4,294/2013.

12 Investments

The investments are adjusted using the equity method or at cost, as shown below:

Subsidiaries	Note	Capital Stock	Shareholders' Equity	Shareholding	Balance sheet value		Equity method income		
					09/30/2019	12/31/2018	3rd Quarter 2019	09/30/2019	3rd Quarter 2019
Inter Digital Corretora e Consultoria de Seguros Ltda.	(a)	100	3,091	60.00%	1,854	4,098	1,796	7,142	2,465
Inter DTVM Ltda	(a)	25,000	27,767	98.3333%	27,305	12,367	958	2,115	79
Inter Asset	(a)	5,000	4,925	99.99%	4,925	-	(31)	(74)	-
Total					<u>34,084</u>	<u>16,465</u>	<u>2,723</u>	<u>9,183</u>	<u>2,544</u>
<i>Other Investments</i>	(b)				1,105	1,105	-	-	-
Overall Investment					<u>35,189</u>	<u>17,570</u>	<u>2,723</u>	<u>9,183</u>	<u>2,544</u>

In January 2019, Inter Asset, an investment funds management company, was set up and acquired by the Bank.

On May 8, 2019, the Bank entered into a stock purchase agreement to sell quotas issued by its subsidiary Inter Digital Corretora e Consultoria em Seguros Ltda. ("Inter Seguros"), with Wiz Soluções e Corretagem de Seguros SA ("Wiz"), whereby the Bank pledged to dispose of 40% of the shares issued by Inter Seguros at amount corresponding to BRL 114 million, namely: (i) BRL 45 million fixed payment on the closing date and (ii) BRL 69 million variable payment, in accordance with the terms of the stock purchase agreement, divided into four annual installments, which are subject to performance adjustments based on Inter Seguros' EBITDA, calculated in accordance of Inter Seguros' IFRS financial statements. The transaction was approved by the Administrative Council for Economic Defense - CADE on June 7, 2019, and joins the Bank's digital platform with more than 2 million customers, with Wiz's 45-year expertise in managing security distribution channels. and banking services, creating a relevant digital security distribution channel in Brazil.

a. Investments measured using the equity method

The adjustments arising from the equity method of investments were recorded in the statement of income under the item "Share of profit of equity accounted subsidiaries".

b. Other Investments

In the fiscal year 2016, the Bank acquired five (5) quotas of the Interbank Payments Chamber and the total price of this acquisition was BRL 1,105. Such investment is valued at cost.

13 Intangible

	Annual Amortization Rate	Parent Company			Parent Company		
		09/30/2019			12/31/2018		
		Historical Cost	Accumulated Amortization	Residual Value	Historical Cost	Accumulated Amortization	Residual Value
a. Intangible							
Right of Use		12,554	(7,531)	5,023	6,274	(1,153)	5,121
Software			(36)	3,559	1	(181)	(180)
Intangible in progress	20%	52,789	-	52,789	21,100	-	21,100
Total de Intangível		68,938	(7,567)	61,371	27,375	26,041	26,041

	Annual Amortization Rate	Consolidated			Consolidated		
		09/30/2019			12/31/2018		
		Historical Cost	Accumulated Amortization	Residual Value	Historical Cost	Accumulated Amortization	Residual Value
Right of Use	20%	12,583	(7,559)	5,024	6,302	(1,177)	5,125
Software	20%		(186)	4,050	385	(188)	197
Intangible in progress		53,822	-	53,822	21,099	-	21,099
Total de Intangível		70,641	(7,745)	62,896	27,786	(1,365)	26,421

b. Intangible Movement

	Parent Company			
	Intangible Assets - Historical Cost			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2018	3,839	2,436	21,100	27,375
Additions	8,715	1,159	31,689	41,563
Drops	-	-	-	-
Balance on 09/30/2019	12,554	3,595	52,789	68,938
	Right of Use	Software	Intangible in progress	Total
Intangible assets - accumulated amortization				
Balance on 12/31/2018	(1,153)	(181)	-	(1,334)
Additions	(6,197)	(36)	-	(6,233)
Drops	-	-	-	-
Balance on 09/30/2019	(7,350)	(217)	-	(7,567)
Total intangible assets - residual value	5,204	3,378	52,789	61,371

	Parent Company			
	Intangible Assets - Historical Cost			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2017	975	-	-	975
Additions	5,298	2	21,100	26,400
Drops	-	-	-	-
Balance on 12/31/2018	6,273	2	21,100	27,375

	Intangible assets - accumulated amortization			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2017	(17)	-	-	(17)
Additions	(1,136)	(181)	-	(1,317)
Drops	-	-	-	-
Balance on 12/31/2018	(1,153)	(181)	-	(1,334)
Total intangible assets - residual value	5,120	(179)	21,100	26,041

	Consolidated			
	Intangible Assets - Historical Cost			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2018	3,868	2,819	21,099	27,786
Additions	8,715	1,417	32,723	42,855
Drops	-	-	-	-
Balance on 09/30/2019	12,583	4,236	53,822	70,641

	Intangible assets - accumulated amortization			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2018	(1,178)	(187)	-	(1,365)
Additions	(6,200)	(180)	-	(6,380)
Drops	-	-	-	-
Balance on 09/30/2019	(7,378)	(367)	-	(7,745)
Total intangible assets - residual value	5,205	3,869	53,822	62,896

	Consolidated			
	Intangible Assets - Historical Cost			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2017	1,004	-	-	1,004
Additions	5,302	381	21,099	26,401
Drops	-	-	-	-
Balance on 12/31/2018	6,306	381	21,099	27,786

	Intangible assets - accumulated amortization			
	Right of Use	Software	Intangible in progress	Total
Balance on 12/31/2017	(40)	-	-	(40)
Additions	(1,140)	(185)	-	(1,325)
Drops	-	-	-	-
Balance on 12/31/2018	(1,180)	(185)	-	(1,365)
Total intangible assets - residual value	5,126	196	21,099	26,421

14 Deposits and funds from issuance of securities

a. Deposits

Parent Company					
09/30/2019					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Demand deposits	1,461,566	-	-	-	1,461,566
Savings Deposits	218,513	-	-	-	218,513
Time deposits	13,589	118,313	154,963	2,168,230	2,455,095
Grand total	1,693,668	118,313	154,963	2,168,230	4,135,174
Total current					1,966,944
Total non-current assets					2,168,230

Parent Company					
12/31/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Demand deposits	619,655	-	-	-	619,655
Interbank deposits	73,778	-	-	-	73,778
Time deposits	25,578	223,838	211,066	1,182,350	1,642,832
Other deposits	58,170	-	-	-	58,170
Grand total	777,181	223,838	211,066	1,182,350	2,394,435
Total current					1,212,085
Total non-current assets					1,182,350

Consolidated					
09/30/2019					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Demand deposits	1,457,606	-	-	-	1,457,606
Savings Deposits	218,513	-	-	-	218,513
Time deposits	13,589	118,313	154,963	2,160,774	2,447,639
Grand total	1,689,708	118,313	154,963	2,160,774	4,123,758
Total current					1,962,984
Total non-current assets					2,160,774

Consolidated					
12/31/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Demand deposits	618,288	-	-	-	618,288
Savings Deposits	73,778	-	-	-	73,778
Time deposits	25,578	223,838	211,066	1,179,800	1,640,282
Other deposits	58,170	-	-	-	58,170
Grand total	775,814	223,838	211,066	1,179,800	2,390,518
Total current					1,210,718
Total non-current assets					1,179,800

b. Funds from issuance of securities

	Parent Company				
	09/30/2019				
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Real Estate Credit Bill	144,201	727,681	369,521	709,206	1,950,609
Agribusiness Letter of Credit	-	-	-	-	-
Financial letters	-	-	11,039	-	11,039
Real Estate Guaranteed Letter	-	-	-	12,552	12,552
Grand total	144,201	727,681	380,560	721,758	1,974,200
				Total current	1,252,442
				Total non-current assets	721,758

	Parent Company				
	12/31/2018				
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Real Estate Credit Bill	118,657	715,198	341,694	543,880	1,719,429
Agribusiness Credit Bill	-	20,115	-	-	20,115
Financial letters	-	1,876	-	10,513	12,389
Real Estate Guaranteed Letter ('covered bonds')	-	-	-	12,003	12,003
Grand total	118,657	737,189	341,694	566,396	1,763,936
				Total current	1,197,540
				Total non-current assets	566,396

	Consolidated				
	09/30/2019				
	1 a 30 dias	31 a 180 dias	181 a 360 dias	Acima de 360 dias	Total
Real Estate Credit Bill	144,201	727,681	369,438	709,206	1,950,526
Financial letters	-	-	11,039	-	11,039
Real Estate Guaranteed Letter ('covered bonds')	-	-	-	12,552	12,552
Grand total	144,201	727,681	380,477	721,758	1,974,117
				Total current	1,252,359
				Total non-current assets	721,758

	Consolidated				
	12/31/2018				
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Real Estate Credit Bill	118,657	715,198	341,694	543,880	1,719,429
Agribusiness Credit Bill	-	20,115	-	-	20,115
Financial letters	-	1,876	-	10,513	12,389
Real Estate Guaranteed Letter ('covered bonds')	-	-	-	12,003	12,003
Grand total	118,657	737,189	341,694	566,396	1,763,936
				Total current	1,197,540
				Total non-current assets	566,396

On December 31, 2018, the Bank issued BRL 12 million in guaranteed real estate notes 'covered bonds' (LIG) paying interest of 98% of CDI (Interbank Deposit Certificate). On September 30, 2019, this issue is guaranteed by real estate financing for the acquisition of residential property at the amount of BRL 16,754 (2018: BRL 20,391), approximately 0,18% of total assets.

In the period ended on September 30, 2019 and December 31, 2018, the Bank did not have funding of Time Deposit with Special Guarantee (DPGE). Other time deposits have an average interest rate of 100.3% of CDI (2018: 108.2%).

c. Expenses with retail and professional market funding

	Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018
Funding Expenses				
Interbank deposits	(2)	(2)	(22)	(158)
Savings deposits	(1,664)	(3,710)	(16)	(16)
Time deposits	(35,020)	(91,832)	(25,954)	(75,850)
Real Estate Guaranteed Letter ('covered bonds')	(186)	(549)	-	-
Real Estate Credit Bill	(29,039)	(88,101)	(31,171)	(84,156)
Agribusiness Credit Bill	-	(114)	(249)	(782)
Total	(65,911)	(184,308)	(57,412)	(160,962)
Expenses with liabilities for operations				
Financial letters	(177)	(569)	(205)	(480)
Total	(177)	(569)	(205)	(480)
Total market funding expenses	(66,088)	(184,877)	(57,617)	(161,442)

	Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018	09/30/2018
Funding Expenses				
Interbank deposits	(2)	(2)	(22)	(158)
Savings deposits	-1665	(3,711)	(16)	-16
Time deposits	(34,927)	(91,461)	(25,859)	(75,562)
Real Estate Guaranteed Letter ('covered bonds')	(186)	(549)	-	-
Real Estate Credit Bill	(29,040)	(88,102)	(31,171)	(84,156)
Real estate credit certificates	(12)	(19)	-	-
Agribusiness Credit Bill	-	(114)	(249)	(782)
Total	(65,832)	(183,958)	(57,317)	(160,674)
Expenses with liabilities for operations				
Financial letters	(178)	(569)	(205)	(480)
Total	(178)	(569)	(205)	(480)
Total market funding expenses	(66,010)	(184,527)	(57,522)	(161,154)

15 Onlending obligations - Official institutions

They refer to real estate loan financing operations with Caixa Econômica Federal, with rates ranging from 4.5% to 6% p.a.

Parent Company and Consolidated					
09/30/2019					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Loans and on lending	109	545	652	28,855	30,161
Grand total	109	545	652	28,855	30,161
Total current					1,306
Total non-current assets					28,855

Parent Company and Consolidated					
12/31/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Loans and on lending	112	556	670	30,648	31,986
Grand total	112	556	670	30,648	31,986
Total current					1,338
Total non-current assets					30,648

16 Other liabilities

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Tax due	13,767	9,836	14,339	10,195
Assignments and miscellaneous payments (a)	101,189	90,089	102,968	91,379
Provision for income and social contribution taxes	-	-	1,586	817
Provision for dividends (Note 17d)	11,371	8,033	14,371	8,221
Foreign Exchange Operations	966	1,695	966	1,695
Creditors for resources to be released (c)	60,543	65,437	60,543	65,437
Amounts payable to related parties	7	-	156	124
Other liabilities	1,120	93	3,126	6,177
Provision for contingencies (b)	19,286	19,086	19,286	19,086
Total	208,249	194,269	217,341	203,131
Current	186,765	175,329	196,223	184,191
Non-current	21,484	18,940	21,118	18,940

- (a) These amounts are represented mainly by payments to be processed at the amount of BRL 46,821 (2018: BRL 36,354), provision for creditors and miscellaneous suppliers at the amount of BRL 12,137 (2018: 12,782), financing to be released at the amount of BRL 6,441 (2018: BRL 5,726), administrative checks at the amount of BRL 1,634 (2018: BRL 5,733), agreements at the amount of BRL 1,487 (2018: BRL 21) and labor provisions at the amount of BRL 16,132 (2018: BRL 9,279);
- (b) Provision for contingencies related to various civil and labor lawsuits in the amount of BRL 18,344 (2018: BRL 18,181), as disclosed in the Explanatory Note no. 20, comprises the provisioning for the effects of the legal challenge of the

extinction of the inflation indexation of the balance sheet, in accordance with Law 9,249/1995, resulting from the full use (deduction) of the debt balance of inflation indexation in 1996 in the calculation of IRPJ and CSLL, in the amount of BRL 943 (2018: BRL 905); which judicial deposit in the same amount is recorded in long-term receivables (Explanatory Note no. 10); and

- (c) The balance of creditors for funds to be released is represented by amounts to be released to customers related to real estate credit operations pending the registration of the property.

17 Transactions with related parties

			09/30/2019		12/31/2018	09/30/2018
	Average time	Average rate	Liabilities	Expenses	Liabilities	Expenses
Parent Company (a)						
Funding (deposits and notes)	3 to 36 months	92 to 102% CDI	(20,686)	(2,100)	(135,409)	(4,731)
Subsidiaries (b)						
Funding (deposits and notes)	3 to 61 months	90 to 102% CDI	(13,770)	(604)	(28,643)	(1,870)
Key Management Personnel (c)						
Funding (deposits and notes)	12 to 61 months	97 to 104% CDI	(13,084)	(554)	(5,878)	(3,361)
Other Related Parties (d)						
Related individuals and legal entities	3 to 61 months	92 to 110% CDI	(589,927)	(3,892)	(320,800)	(13,861)

- (a) any individual or legal entity that controls the Institution;
 (b) any entity under the control of the institution;
 (c) any officer, director, member of the fiscal council;
 (d) any immediate family members of key management personnel or companies controlled by them;

Funding through deposits corresponds to floating rate CDBs, LCIs and LCAs. Transactions with related parties are carried out at conditions and rates compatible with the averages practiced with third parties, when applicable, in force on the dates of operations.

The Bank has also operations with real estate rents together with related parties. On September 30, 2019, the expenses with these rents amounted to BRL 2,458 (2018: BRL 2,190).

On September 30, 2019, the Bank has Real Estate Receivables Certificates issued by LOG Commercial Properties in the amount of BRL 50,145.

Since January 1, 2019, according to CMN Resolution No. 4,693, the Bank and its subsidiaries may grant loans to its related parties as long as they fulfill the following limits:

- 1% of the shareholders' equity adjusted by the accumulated revenues and expenses for contracting with natural persons; and
- 5% of shareholders' equity adjusted by the accumulated revenues and expenses for contracting with a legal entity.

The sum of the balances of loans contracted, directly or indirectly, with related parties shall not exceed 10% of the value related to stockholders' equity adjusted by the accumulated income and expenses.

On September 30, 2019, the Bank had the amount of BRL 49,752 in related party credit operations. In addition, the Bank had balances receivable from credit card operations in the amount of BRL 892.

a. Bank Administritors' Compensation

The compensation of the Bank's administrators is fully paid by Banco Inter S.A, without reimbursement. The Bank has a stock option plan for preferred shares for its administrators. Further information on the plan is detailed in explanatory note no. 27.

The compensation of the administrators of Banco Inter S.A for the period ended on September 30, 2019 was approximately BRL 8,674 (September 30, 2018: BRL 7,175) *ad referendum* to the Annual Shareholders' Meeting.

As shown in Explanatory Note no. 19 (d), of the profit for the period ended on September 30, 2019, interest on the stockholders' equity was proposed at the amount of BRL 38,438 (2018: BRL 18,335).

18 Income tax and social contribution

The Bank has temporarily non-deductible allowance for loan losses at the approximate amount of BRL 89,852 (2018: BRL 68,994), on which it recognized deferred tax assets related to income tax and social contribution at the amount of BRL 35,941 on September 30, 2019 (2018: BRL 27,597).

In addition, the Bank has deferred tax assets related to: civil and tax provision, at the amount of BRL 14,581 (2018: BRL 14,233); labor provisions, in the amount of BRL 3,763 (2018: BRL 3,947); provision for depreciation of assets not for own use, at the amount of BRL 0 (2018: BRL 276); tax losses, at the amount of BRL 36,525 (2018: BRL 0) and arising from other temporary differences, at the amount of BRL (1.191) (2018: BRL 5,525). The total of these deferred tax assets is BRL 21,471 (2018: BRL 9,363).

Based on CMN Resolution no. 3,059/2002, the Administration believes that sufficient results will be produced for the realization of deferred tax assets, as detailed in Explanatory Note no. 10 (d).

	Parent Company			
	09/30/2019		09/30/2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Profit before income tax and social contribution	54,908	54,908	64,190	64,190
Net additions (exclusions):				
Interest on Equity	(38,438)	(38,438)	(27,501)	(27,501)
Share of profit of equity-accounted subsidiaries	(9,183)	(9,183)	(6,923)	(6,923)
Allowance for losses (net)	14,003	14,003	76	76
Tax loss	-	-	(5,284)	(5,284)
Provision for contingencies	174	174	5,160	5,160
Hedge	(6,955)	(6,955)	-	-
IPO expenses	(49,372)	(49,372)	(30,867)	(30,867)
Others, net	(1,653)	(1,653)	14,495	14,495
Calculation basis	<u>(36,516)</u>	<u>(36,516)</u>	<u>13,346</u>	<u>13,346</u>
Effective rate	-	-	(2,002)	(2,669)
Additional rate (10%)	-	-	(1,317)	-
Tax breaks	-	-	-	-
Deferred IRPJ and CSLL	-	-	80	-
Expense of tax return and social contribution	<u>448</u>	<u>255</u>	<u>(6,192)</u>	<u>(5,342)</u>
	<u>448</u>	<u>255</u>	<u>(9,431)</u>	<u>(8,011)</u>
Income tax current		-		(3,239)
Social contribution current		-		(2,669)
Deferred asset		703		(11,534)
Income Tax and social contribution		<u>703</u>		<u>(17,442)</u>

	Consolidated			
	09/30/2019		09/30/2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Real Profit Calculation				
Profit before income tax and social contribution	58,326	58,326	65,303	65,303
Net additions (exclusions):				
Interests on Equity	(38,438)	(38,438)	(27,501)	(27,501)
Share of profit of equity- accounted subsidiaries	(9,183)	(9,183)	(6,923)	(6,923)
Allowance for losses (net)	14,003	14,003	76	76
Tax loss	-	-	(5,628)	(5,628)
Provision for contingencies	174	174	5,160	5,160
Hedge	(6,955)	(6,955)	-	-
IPO expenses	(49,372)	(49,372)	(30,867)	(30,867)
Others, net	(1,653)	(1,653)	14,495	14,495
Calculation basis	<u>(33,098)</u>	<u>(33,098)</u>	<u>14,115</u>	<u>14,115</u>
Deduction 30% tax loss	(851)	(851)	-	-
Actual profit and calculation basis	<u>(33,949)</u>	<u>(33,949)</u>	<u>14,115</u>	<u>14,115</u>
Presumed Profit Calculation				
Revenue from services	14,661	14,661	13,296	13,296
Presumed profit (32%)	4,692	4,692	4,255	4,255
Other revenues	154	154	256	256
Calculation basis	<u>4,846</u>	<u>4,846</u>	<u>4,511</u>	<u>4,511</u>
Effective rate	(1,127)	(843)	(2,794)	(3,229)
Additional rate (10%)	(717)	-	(1,809)	-
Incentivos fiscais / Deduções legais	-	-	80	-
Deferred IRPJ and CSLL	255	145	(6,275)	(5,409)
Income tax and social contribution expense	<u>(1,589)</u>	<u>(698)</u>	<u>(10,798)</u>	<u>(8,638)</u>
Income tax current		(1,844)		(4,523)
Social contribution current		(843)		(3,229)
Deferred asset		400		(11,684)
Income Tax and social contribution		<u>(2,287)</u>		<u>(19,436)</u>

In the periods ended on September 30, 2019 and 2018, there were no payments made for estimated income tax and social contribution due.

19 Shareholders' Equity

a. Capital Stock

On April 15, 2019, the Board of Directors approved the Board of Executive Officers' proposal for a capital increase of BRL 627 through the issuance of up to 123,123 new preferred shares to cover the stock options exercised by the beneficiaries of the Plans, do not apply the preemptive right of current shareholders to subscribe new shares, as provided for in §, art. 171 of Law 6,404/1976.

On September 27, 2019, the Board of Directors approved the reform of the corporate bylaws of the Bank to rectify and update the value of the Bank's capital stock, according to the increase of capital deliberated at the Meeting of the Board of Executive Officers held on July 29, 2019, within the authorized capital limit and the final number of shares effectively issued by Bank, subscribed and paid-off, considering the completion of the new period for conversion of shares issued by the Bank from one series to another, as provided in the program for issuance of share deposit certificates of the Bank, to form units ("Units" and "Unit Program", respectively); for the Bank capital stock to be represented by registered shares, without par value, namely 354,451,252 common shares and 338,353,750 preferential shares.

On September 30, 2019, the fully subscribed and paid-off capital stock is composed of 702,805,002 registered shares, of which 50,767,085 are common shares and 338,353,750 are preferred shares, all with no par value.

b. Legal reserve

It is constituted based on 5% on the net profit, limited to 20% of the capital stock.

c. Statutory reserve

In previous periods, after the constitution of the Legal Reserve, the Bank's Administration decided to allocate the remaining balance of profits to the constitution of a Statutory Reserve.

d. Dividends and interest on equity

Banco Inter adopts a policy of capital remuneration by paying interest on equity at the maximum amount calculated in compliance with current legislation, which is charged, net of Withholding Income Tax, in the calculation of mandatory dividends for the fiscal year as provided for in the Bylaws and art. 202 of Law nº 6,404/1976.

The allocations of the results for the periods than ended on September 30, 2019 and 2018 are presented below:

Results Allocation	09/30/2019	09/30/2018
Net Profit	55,611	46,748
Legal reserve	(2,781)	(2,337)
LoE paid and dividends provisioned	(38,438)	(27,502)
Statutory reserve	(14,392)	(16,909)

On September 25, 2019, the Board of Directors approved the Executive Office's proposal for announcement and payment of loE at the gross amount of BRL 12,813.

	09/30/2019		09/30/2018	
	Amount provisioned	Value per share	Amount provisioned	Value per share
Interest on equity paid in the semester	32,200	0.05	7,224	0.10
Provisioned dividends	38,438	0.05	18,335	0.23
Tax Interest on owners' equity payable	(1,460)	(0.00)	(2,529)	(0.03)
Interest on net owners' equity payable	36,978	0.05	15,806	0.20

e. Treasury shares

On March 22, 2019, the Bank's management chose to sell 11,000 treasury shares. On April 15, 2019, 109,100 preferred shares held in treasury had been delivered to cover the stock options exercised by the beneficiaries of the Plans.

On September 30, 2019, the Bank holds no preferred shares in treasury. The balance of such shares as of September 30, 2018 were BRL 432.

f. Valuation adjustment reserve

The balance of the valuation adjustment reserve is BRL 28 (2018: BRL 3,582). From this total, the negative amount of BRL 102 (2018: BRL 83) corresponds to federal public securities available for sale and quotas of investment funds, which are measure at fair value. On September 30, 2018, the amount of BRL 3,665 refers to the goodwill paid on the acquisition of the interest of the subsidiary Inter Digital, a transaction carried out with non-controlling interest.

g. Earnings per share

	Parent Company and Consolidated	
	09/30/2019	09/30/2018
Profit attributable to owners of the parent company (in thousands of BRL)	55,611	46,748
Average number of shares	234,675	80,497
Earnings per share (in BRL)	0.2370	0.5807
Earnings per share - diluted (in BRL)	0.2350	0.2400

20 Provisions, contingent assets, and liabilities and legal obligations - Tax and social security

a. Contingent assets

Contingent assets are not recognized by the Bank as they relate to possible assets resulting from past events and whose existence will be confirmed only by the occurrence or not of one or more uncertain future events not fully under the Bank's control.

b. Provisions classified as likely losses and legal obligations - Tax and social security

Banco Inter is a party to labor, civil and tax lawsuits arising from the normal course of its activities. Provisions for contingencies are estimated taking into account the opinion of the legal advisors, the nature of the lawsuits, the similarity with previous proceedings, the complexity and the position of the courts, whenever the loss is assessed as likely.

The Administration understands that the provision recorded is sufficient to cover losses arising from the respective lawsuits. There is a provision for contingencies related to various civil, labor and tax lawsuits at the amount of BRL 19,286 (2018: BRL 19,086), recorded under the item "Other liabilities", as disclosed in Explanatory Note no. 16 (c). See movement of the balances in item "b.1".

The liability related to the legal obligation under judicial discussion is maintained until the definitive granting of the lawsuit, represented by favorable judicial decisions, on which no more appeals or their prescription are possible.

b.1 Changes in provisions and classification by nature

Nature	Labor	Civil	Tax	Total
Balance as of December 31, 2018	3,945	14,225	916	19,086
Constitutions / indexation	1,358	4,915	26	6,299
Payments/reversals	(1,540)	(4,559)	-	(6,099)
Balance as of September 30, 2019	3,763	14,581	942	19,286
Balance as of December 31, 2017	2,935	9,953	853	13,741
Constitutions / indexation	2,026	10,447	39	12,512
Payments/reversals	(1,175)	(6,138)	-	(7,313)
Balance as of September 30, 2018	3,786	14,262	892	18,940

c. Contingent liabilities with possible losses

c.1 Tax contingent liabilities classified as possible losses

c.1.1 Income tax and social contribution

- (i) It comprises the provisioning of the effects of the legal challenge of the extinction of the inflation indexation of the balance sheet, in accordance with Law 9,249/95, resulting from the full use (deduction) of the debt balance of the inflation indexation in 1996 in the calculation of IRPJ and CSLL, in the amount of BRL 915, which judicial deposit in the same amount is recorded in long-term receivables.
- (ii) On August 30, 2013, a tax assessment notice was drawn-up demanding the constitution of tax credits for IRPJ and CSLL related to the calendar years from 2008 to 2009, added with ex-officio fine (qualified) of 150% and interest on arrears, as well as imposing an isolated fine of 50% on IRPJ and CSLL estimates. The amounts adjusted in March 2019 are as follows:

Principal, at the amount of BRL 10,300; a fine of BRL 19,892; interest of BRL 21,799 - Total of BRL 51,991.

The tax assessment notices are intended to cover expenses incurred in the provision of services. In view of the factual situation under discussion and the Bank's defense arguments, we evaluated the expectation of outcome as possible, but with a lower likelihood of loss.

c.1.2 Cofins

- (i) Banco Inter has a decision of the Federal Supreme Court, dated December 19, 2005, granting the right to pay COFINS based on the revenue from services rendered. During the period from 1999 to 2006, the Bank made a judicial deposit and/or made the payment of the obligation. In 2006, the Bank, upon a favorable decision of the Federal Supreme Court and express agreement of the Internal Revenue Service, carried out the release of the judicial deposit. In addition, the authorization of credits on the collection of taxes was ratified without challenge by Brazilian Federal Revenue Service, on May 11, 2006.
- (ii) On July 2, 2010, the Brazilian Federal Revenue Service, contrary to a decision of the Federal Supreme Court, which was final and unappealable, as specified in item (i) above, filed an administrative proceeding charging the amounts of judicial deposits related to COFINS raised by the Bank in the case of the Writ of Mandamus no. 1999.38.00.016025, where the values updated to March 2019 are as follows: principal in the amount BRL 1,255; fine in the amount of BRL 251; interest in the amount of BRL 2,500 - Total of BRL 4,005.

On October 5, 2010, an injunction was granted demanding the processing of the defense presented in the Administrative Proceeding files, with the hierarchical appeal, with suspension of the liabilities of the tax credit.

- (iii) On July 14, 2010, the Federal Revenue Service filed an administrative proceeding charging the amounts of return/compensation claims paid in excess of COFINS raised by the Bank in the case files of the Writ of Mandamus No. 1999.38.00.016025, where the amounts updated to March 2019 are as follows: principal in the amount of BRL 3,496; fine of BRL 699; interest of BRL 4,430 - Total of BRL 8,725.

After a filing of Expression of Dissatisfaction, the Administrative Council of Tax Appeals has determined the suspension of the administrative process until the case at the Federal Supreme Court.

- (iv) On November 11, 2010, notices were drawn up for constitution of tax credits under PIS and COFINS, plus a fine of 75% and interest on arrears in the period from March 2006 to December 2008. Such collections were considered insufficient.

COFINS: Principal, in the amount of BRL 10,027; interest and charges, of BRL 14,415 - Total of BRL 24,442.

After a filing of Expression of Dissatisfaction, the Administrative Council of Tax Appeals has determined the suspension of the administrative process until the case at the Federal Supreme Court.

- (v) On December 15, 2014, a tax assessment notice was issued demanding the constitution of a tax credit for COFINS, covering the period from January 2010 to December 2011, plus a fine of 75% and interest on arrears.

Principal, in the amount of BRL 11,212; fine BRL 8,409; interest BRL 12,969 - Total of BRL 32,590.

The tax assessment notice was drawn-up on the grounds that the Bank had an insufficient collection of the contribution in question. In view of the Bank's defense arguments, we evaluated the expectation of outcome as possible, but with a lower likelihood of loss.

- (vi) On October 9, 2015, the Bank was notified of the decision of dismissing the right to offset debts with credits arising from payments considered undue by the Bank, carried out for COFINS (January and February 2014).

On November 3, 2015, an Expression of Dissatisfaction was filed, which answer is pending.

Principal, in the amount of BRL 1,367; fine of BRL 274, interest of BRL 725 - Total of BRL 2,357.

- (vii) On January 24, 2017, the Bank was notified in regards to the tax assessment notice drawn up for constitution of a tax credit related to an isolated fine of 50% on the amount of the debt whose offset was not approved in administrative proceeding no. 10680.723654/2015-41

Isolated fine, in the amount of BRL 688; interest BRL 130 - Total BRL 818

- (viii) On April 5, 2017, the Bank was notified in regards to the tax assessment notice drawn-up for constitution a COFINS tax credit, plus an ex-office fine of 75% and interest in arrears, on the allegation that Banco Inter in the calendar year 2013, carried out insufficient collections of the contribution due to the non-inclusion of "financial income" in the calculation basis.

Principal, in the amount of BRL 8,804, fine of BRL 6,603; interest of BRL 6,364 - Total of BRL 21,771.

On 03/26/2019, the voluntary appeal was distributed to the 1st Ordinary Class of the 2nd Chamber of the 3rd Judicial Section of CARF. It is hoped that the appeal will be included in the list of CARF judgments.

- (ix) On October 31, 2018, the Bank was notified in regards to the tax assessment notice drawn-up for constitution COFINS tax credit, plus an ex-office fine of 75% and interest in arrears, on the allegation that Banco Inter in the calendar year 2014, carried out insufficient collections of the contribution due to the non-inclusion of "financial income" in the calculation basis.

Principal, in the amount of BRL 9,309, fine of BRL 6,983; interest of BRL 5,105 - Total of BRL 21,397

It is awaiting the judgment of challenge presented by the Bank.

21 Fee Income

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
Revenues from banking service fees	6,122	16,210	743
Other services	1,165	2,645	418
Management and structuring rates		1,852	492
Income from foreign exchange operations	16,157	38,203	6,140
Real estate registration fees	508	1,796	1,123
Corporate loan registration fees	605	2,652	1,176
Other income from service rendered	4	7	2
Total	25,196	63,365	10,094

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
Revenue from banking service fees	6,122	16,210	743
Other services	1,179	2,677	418
Insurance brokerage	3,840	13,042	4,272
Income from commissions and placement of securities	3,021	6,982	-
Income from brokerage and stock exchange operations	203	350	49
Fund administration	219	519	339
Management and structuring rates	635	1,852	492
Income from foreign exchange operations	16,157	38,203	6,140
Real estate registration fees	508	1,796	1,123
Corporate loan registration fees	605	2,652	1,176
Other income from service rendered	3	7	2
Total	32,492	84,290	14,754

Bank fee rentals refer mainly to clearing fees and fees and interbank fees.

22 Personnel expenses

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
Salaries	(19,870)	(52,341)	(11,291)
Compensation of the executive board and board of directors	(2,998)	(8,674)	(2,310)
Social and social security charges	(7,993)	(20,679)	(4,844)
Profit sharing	-	(6,060)	(2,680)
Holiday expenses and Christmas' Bonus	(4,292)	(10,029)	(2,527)
Benefits	(5,816)	(15,469)	(4,130)
Others	(518)	(929)	(2,597)
Total	(41,487)	(114,181)	(30,379)

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
Salaries	(20,708)	(54,376)	(11,772)
Compensation of the executive board and board of directors	(3,295)	(9,412)	(2,511)
Social and social security charges	(8,299)	(21,478)	(5,064)
Profit sharing	(90)	(6,333)	(2,739)
Holiday expenses and Christmas' Bonus	(4,426)	(10,400)	(2,626)
Benefits	(6,030)	(16,023)	(4,260)
Others	(545)	(1,007)	(2,606)
Total	(43,393)	(119,029)	(31,578)

23 Other administrative expenses

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
		09/30/2018	
Outsourced services	(2,929)	(7,201)	(933)
Data processing	(29,991)	(73,797)	(16,664)
Rental	(2,501)	(6,595)	(1,876)
Communication	(11,421)	(33,023)	(4,356)
Bank Expenses	(13,133)	(32,210)	(6,837)
Specialized Technical Services	(4,416)	(14,744)	(4,122)
Advertising and publicity	(10,282)	(27,625)	(9,229)
Maintenance and preservation of property	(1,115)	(2,733)	(1,114)
Notary and judicial expenses	(506)	(1,555)	(695)
Amortization and depreciation	(3,990)	(9,104)	-
Others	(3,402)	(9,253)	(2,239)
Total	(83,686)	(217,840)	(48,065)
			(111,942)

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
		09/30/2018	
Outsourced services	(2,989)	(7,395)	(949)
Data processing	(30,479)	(75,152)	(16,781)
Rental	(2,545)	(6,680)	(1,897)
Communication	(11,457)	(33,153)	(4,369)
Bank Expenses	(14,075)	(34,075)	(6,891)
Specialized Technical Services	(4,457)	(14,953)	(4,179)
Advertising and publicity	(10,291)	(27,691)	(9,240)
Maintenance and preservation of property	(1,126)	(2,762)	(1,144)
Notary and judicial expenses	(507)	(1,560)	(696)
Amortization and depreciation	(4,048)	(9,258)	-
Others	(3,514)	(9,614)	(2,339)
Total	(85,488)	(222,293)	(48,485)
			(113,049)

24 Other operating income

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
		09/30/2018	
Recovery of charges and expenses	479	1,856	1,504
Income from applications abroad	-	-	-
Review Fees	1,709	4,841	1,040
Portability Revenue	387	591	548
Income from securities and receivables	300	1,078	898
Performance revenues	7,584	13,976	4,029
Other income	2,974	13,372	308
Total	13,433	35,714	8,327
			23,151

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
		09/30/2018	
Recovery of charges and expenses	480	1,857	1,505
Review Fees	1,710	4,841	1,040
Income from applications abroad	-	-	-
Portability Revenue	387	590	548
Income from securities and receivables	299	1,077	898
Performance revenues	7,583	13,976	4,029
Other income	4,608	15,248	334
Total	15,067	37,589	8,354
			23,181

25 Other operating expenses

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
			09/30/2018
Amortization and depreciation	-	-	(835)
Discounts granted	(186)	(4,941)	(643)
Expenses with portability	(569)	(1,408)	(320)
Card withdrawal expenses	(4,967)	(17,984)	(3,150)
Card Expenses	(242)	(744)	(729)
Foreign exchange expenses	(1,113)	(4,093)	(718)
Other operational expenses	(5,496)	(18,865)	(1,381)
Total	(12,573)	(48,035)	(7,776)

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
			09/30/2018
Amortization and depreciation	-	-	(824)
Discounts granted	(186)	(4,941)	(643)
Expenses with portability	(569)	(1,408)	(320)
Card withdrawal expenses	(4,967)	(17,984)	(3,150)
Card Expenses	(242)	(744)	(729)
Foreign exchange expenses	(1,114)	(4,093)	(718)
Other operational expenses	(5,540)	(18,917)	(1,242)
Total	(12,618)	(48,087)	(7,626)

26 Non-operating income

Parent Company			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
			09/30/2018
Gains (Losses) on the sale of securities and assets	93	(544)	(990)
Other capital gains (losses)	-	40,328	-
Provision for contingencies	(2,971)	(6,299)	(5,088)
Other expenses	22	281	-
Total	(2,856)	33,766	(6,078)

Consolidated			
	3rd Quarter 2019	09/30/2019	3rd Quarter 2018
			09/30/2018
Gains (Losses) on the sale of securities and assets	94	(543)	(990)
Other capital gains (losses)	-	40,328	-
Provision for contingencies	(2,971)	(6,299)	(5,088)
Other expenses	21	244	-
Total	(2,856)	33,730	(6,078)

The sale by the Bank of quotas issued by its subsidiary Inter Digital Corretora e Consultoria em Seguros Ltda. ("Inter Seguros") for Wiz Soluções e Corretagem de Seguros S.A. ("Wiz") generated a capital gain of approximately BRL 40 million.

27 Share-based compensation

Over the years, stock option plans have been granted by the Bank and its subsidiaries to key Administration personnel.

The Stock Option Plan of Preferred Shares, established pursuant to art. 168, Paragraph 3, of Law no. 6,404/1976, is an initiative of the Bank's Board of Directors, through which Banco Inter's managers, executives and employees were granted options for the acquisition of Preferred Shares of Banco Inter, with a view to encouraging performance and favoring the retention of managers, executives and employees of Banco Inter, insofar as their participation in the Bank's share capital will allow them to benefit from the results to which they contributed and which are reflected in the valuation of the price of its shares, thus forming, with the shareholders, a communion of interests.

Considering plans currently in force, the first one started in 2012 and will close in 2021. The first tranche, which began in 2012, and was completed in 2017, with a total increase in shareholders' equity of BRL 1,700. For 2013 and 2014 tranches, which will end in 2020 and 2021, respectively, the chosen employees will have the right to exercise the option to acquire 3,440,520 preferred shares, at unit value of BRL 0.61.

For 2013 and 2014 tranches, if the employee does not exercise the option or has his / her employment with the Bank terminated, he/she will lose the right. Once the options are exercised, the grantee may not sell, transfer or dispose of such shares, as well as those that may be acquired by virtue of bonuses, splits, subscription or any other form of acquisition, provided that such rights have arisen for the employee from shares granted under the Plan, for a minimum period of five years as from the date of receipt of the first offer of shares offered to him/her by the Bank.

In 2016, a new Stock Option Plan was launched, which entered into force in 2017 and will end in 2021, in which the Bank may increase the Share Capital by up to further 3,384,000 registered preferred shares, segregated into five tranches, subject to the rules of the regulation approved by the Board of Directors. The options exercisable will have a par value of BRL 0.77 and may be exercised by the participant in up to three years as of the last lock-up period.

On February 6, 2018, the Board of Directors of Banco Inter S.A. approved Plan IV for the Acquisition of Stock Options. These options may be exercised within a period of three (3) years, counted from the respective lock-up periods, and after which they will be automatically be terminated, with no indemnification rights.

The strike price of the options granted in the plans is equivalent to the book value per share at the end of the year prior to the grant.

The rules for exercising and terminating the options are part of the plan's regulations and are filed at the headquarters of the Bank and its subsidiaries.

As demonstrated in explanatory note No. 19, in the first quarter 2018, a stock split was approved at the ratio of 6 shares to each 1 share. For comparability purposes, the following information has been updated in order to reflect this split and the current position of the plans.

The main characteristics of the Plans are described below:

Plan	Approval	Options	Vesting	Average Price	Strike	Participants	Final Strike Term
2	02/24/2012	1,699,470	Up to 5 years	BRL 2,63		Officers, managers and key employees	12/31/2019 12/31/2020 12/31/2021
3	09/30/2016	588,000	Up to 5 years	BRL 4,62		Officers, managers and key employees	12/31/2023
4	02/15/2018	1,675,488	Up to 5 years	BRL 5,42		Officers, managers and key employees	02/15/2025

The changes in the options of each plan for the period ended on September 30, 2019 and supplementary information are shown below, with quantities and unit values impacted in the quarter by the unit forming program, as described in explanatory note 19:

Movements in three months ended 09/30/2019 (number of shares)							
Plan	Number of Employees	Initial Balance	Granted	Prescribed/C cancelled	Exercised	Final Balance	
2	12	240,288	-	15,480	150,259	74,549	
3	18	540,900	-	7,600	17,214	516,086	
4	25	2,422,436	50,000	21,600	86,050	1,583,598	
Total		2,422,436	-	44,680	253,523	2,174,233	
Average Weighted Price of Shares		R\$ 4.61	R\$ 4.92	R\$ 4.34	R\$ 4.25	R\$ 4.62	

Movements in three months ended 12/31/2018 (number of shares)							
Plan	Number of Employees	Initial Balance	Granted	Prescribed/C cancelled	Exercised	Final Balance	
2	12	979,728	-	124,278	615,162	240,288	
3	18	588,000	-	24,000	23,100	540,900	
4	25	1,675,488	50,000	-	84,240	1,641,248	
Total		3,243,216	50,000	148,278	722,502	2,422,436	
Average Weighted Price of Shares		R\$ 4.75	-	R\$ 3.91	R\$ 0.42	R\$ 4.90	

Other Information

Plan	Number of Exercisable Shares	Cost of Premium in the Year	Cost of Premium to be Recognized	Remaining Cost Remuneration Period (in years)	Remaining Contractual Life (in years)
2	74,549	-	-	-	1.5
3	516,086	77	121	1.5	4.5
4	1,583,598	-	-	3.5	5.5

The estimated remaining cost is related to the value of the option premiums granted to employees based on their fair value. The fair values of the programs were estimated based on the Black & Scholes option valuation model, considering the following assumptions:

	Program				
	2 (2012)	2(2013)	2(2014)	3(2016)	4(2018)
Strike Price	1	3.69	3.69	4.62	5.42
Risk Free Rate	10.19%	11.05%	11.15%	11.68%	9.97%
Duration of the Exercise (years)	7	7	7	7	7
Expected Annualized Volatility	35.06%	35.06%	35.06%	60.33%	64.28%
Fair Value of the Option on Grant/Share Date	1.83	0.88	0.99	1.13	0.32

The cost of premium related to the program no. 4 will be the responsibility of the participants, not being recognized any cost by the Bank.

28 Risk Management

At Banco Inter, the management of Credit, Liquidity, Market and Operational Risks and Social and Environmental Responsibility is carried out in a continuous and autonomous manner, supported by structured policies and strategies and a suitably qualified technical team.

Risk management shall be treated as a core and vital activity for the sustainable growth of the group's operations and for this purpose it maintains and complies with a set of rules and procedures to ensure the quality of services and products offered to its stakeholders.

Banco Inter also has an Audit Committee and a Risk and Capital Committee, which comprises members of the Group's Senior Administration, including the Board of Directors, making collective decisions, aiming at the supervision and assessment of the effectiveness of internal controls, quality and integrity of the information handled and the performance of internal and independent audits.

Further details on the Bank's risk management structure are available on the website www.bancointer.com.br, in the Risks Management section.

a. Liquidity risk management

Liquidity risk is defined as the possibility that the institution will not be able to efficiently comply with its expected and unexpected current and future obligations, including those arising from collateral, without affecting its daily operations and without incurring significant losses; and the possibility that the institution will not be able to negotiate a position at market price because of its great size as compared to the volume normally traded or due to some discontinuity in the market.

The functions of liquidity risk management comprise a set of functional activities that throughout the whole "business chain", product development, negotiation and disbursement of operations, and monitoring the effectiveness of the processes and controls used.

At Banco Inter, this management is also weekly assessed by the Assets and Liabilities Committee, which, in addition to further roles, have also the purpose of organizing, evaluating and monitoring liquidity risk, creating processes, tools and limits necessary for the generation and analysis of prospective liquidity scenarios and the monitoring of levels of risk appetite established by Senior Management, in line with CMN Resolution No. 4,557/2017.

b. Market risk management

Market risk is the possibility of losses that may be caused by changes in the behavior of interest rates, foreign exchange, price indexes, reference prices, share prices and commodities prices, due to the mismatches of maturities, currencies and indexes of the active and passive portfolios from the Bank.

Risk supervision allows the analysis of exposures within the established limits and the identification of trends through the use of specific models, as well as the control of capital requirements.

Among others, at Banco Inter, market risk management has the purpose of supporting the business areas, establishing processes and implementing the tools necessary for the evaluation and control of related risks, enabling the measurement and monitoring of risk appetite levels defined by Senior Administration.

b.1 Sensitivity analysis

The Bank evaluates the behavior of the portfolio in stress scenarios through shocks on indices. This procedure allows making inferences about the risk of the positions when compared to the current levels of market prices and their historical behavior.

The statement below contains the sensitivity analysis of the assets classified in the portfolios indexed to the bank's highest exposure rates, namely IGPM, IPCA and PRE-rate.

Risk Factor		IGPM	IPCA	PRE	TOTAL PORTFOLIO
Regular MoM	3.569.306				
Basis Point shocks					
-50 bps	SCENARIO 3	3.292.353	3.321.305	3.294.509	3.344.639
-25 bps	SCENARIO 2	3.287.167	3.301.436	3.288.236	3.312.713
-1 bps	SCENARIO 1	3.282.266	3.282.829	3.282.308	3.283.277
+1 bps	SCENARIO 1	3.281.861	3.281.299	3.281.819	3.280.851
+25 bps	SCENARIO 2	3.277.041	3.263.170	3.275.987	3.252.072
+50 bps	SCENARIO 3	3.272.098	3.244.743	3.270.007	3.222.721

Source: Basel System and Market

To support the analysis, the following scenarios were considered:

SCENARIO 1 - likely situation based on market variables such as IGPM, IPCA and PRE-curves respectively impacted by parallel shocks, based on the variation of the market curves for the respective base date with the 1-year period.

SCENARIO 2 - situation of decrease and increase of 25 basis points in market variables by means of parallel shocks in the IGPM, IPCA, and PRE-curves for the base date.

SCENARIO 3 - situation of decrease and increase of 50 basis points in market variables by means of parallel shocks in the IGPM, IPCA, and PRE-curves for the base date.

In addition, in order to estimate the effect of the variation of a certain risk factor on the reference equity (PR), we performed sensitivity tests, in which we evaluate:

The maximum expected gains and losses at the 1st and 99th percentile, calculated from a series of 252 returns, calculated from the VaR calculation of the portfolio, using a 99% confidence parametric methodology and a one-day time horizon scaled to twenty-one days.

Risk Factor	Percentile			
	1 - 1 year	99 - 1 year	1 - 5 years	99 - 5 years
Euro	(608.268,65)	109.457,53	(2.580.902,24)	466.950,26
Swiss Frank	(19.772,96)	2.156,99	(63.280,63)	3.383,89
IGP-M index number	(13.558.896,14)	2.489.174,65	(88.385.885,68)	2.262.714,73
IGP-M Coupon	2.575.780,83	(10.322.266,59)	469.449,30	(36.281.544,56)
IPCA index number	(27.459.798,85)	-	(210.787.866,60)	(262.091,69)
IPCA Coupon	4.660.406,90	(51.222.194,46)	967.333,50	(165.438.969,86)
PRÉ	(338.344,82)	(47.629.692,02)	(3.347.174,02)	(96.765.455,98)
Stocks (IBOVESPA)	(867.716,03)	12.871,40	(2.531.754,21)	(14.475,73)

Pound sterling	(67.431,53)	11.048,89	(179.711,01)	123.494,94
TR Coupon	(116.416.319,72)	2.804.202,75	(110.799.215,36)	5.470.143,78
USD	(452.461,33)	3.930,47	(1.566.156,03)	(639,85)
Yen	(7.616,19)	843,32	(22.123,86)	-
Australian Dollar	(1.425.847,31)	(1.215.978,39)	(1.885.346,92)	(1.075.578,26)
Canadian dollar	(398.265,86)	-	(1.077.967,14)	16.178,20
New Zealand Dollar	(1.191,63)	486,76	(4.216,93)	769,58

Base Date 09/30/2019

Source: Basel System and Market – Self Stress Owner

Number of base points needed to cause 5%, 10% and 20% reductions in Reference Equity. Below, we present only those risk factors where for which it was possible to determine at least one of the reported values.

Risk Factor	Change in Equity (%)		
	5%	10%	20%
IGP-M Coupon	10,61%	39,80%	84,79%
IPCA Coupon	1,59%	3,59%	8,96%
PRÉ	5,02%	12,55%	47,07%

Base date 09/30/2019

Source: Basel System and Market – Self Stress Owner

c. Operational risk management

According to CMN Resolution No. 4,557/2017, operational risk is defined as the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and systems, or from external events. This definition includes the legal risk associated with the inadequacy or deficiency in agreements entered into by the institution, as well as legal sanctions due to non-compliance with legal provisions and indemnities for damages for third parties arising from the activities performed by the institution.

Banco Inter considers all risks identified in the mapping of its processes, as well as those identified by auditors and regulators as operational risk, and, through this work, creates actions that mitigate these notes.

For the capital allocation for operational risk, Banco Inter adopted the methodology of the Basic Measurement Indicator (BIA), as provided in Art. 1 of Bacen Letter no. 3,640/2013.

d. Credit risk management

Credit risk is defined as the possibility of losses associated with the non-compliance by the borrower or counterparty of their respective financial obligations under the agreed terms.

The purpose of credit risk management is to support senior administration in the decision-making process by defining strategies and policies, risk mitigation mechanisms and procedures designed to maintain exposure to credit risk at levels considered acceptable by the Bank's Administration.

Banco Inter performs credit risk management with the support of the Risk and Capital Committee, adopting governance criteria through instruments and tools that allow the identification, evaluation, measurement, monitoring and reporting of the risk incurred in its activities in the main stages, whether in the concession, in the monitoring, or in the recovery of credit. Nevertheless, stress tests are used to measure possible losses in several scenarios that the risk area deems probable.

In compliance with Bacen Letter no. 3,678/2013, information on risk and capital management can be found at the following address: <http://ri.bancointer.com.br>.

e. Ombudsman

Banco Inter's Ombudsman acts as a channel for the relationship between customers and users of the products and services offered and in the treatment and mediation of conflicts. The Ombudsman aims to seek agile and effective solutions, acting with transparency and impartiality, and it is also committed to fostering improvements to services rendered. The occurrences received by the Ombudsman are analyzed and met, in a conclusive and formal manner, in up to ten business days, strictly in accordance with CMN Resolution 4,433/2015.

f. Basel Index

On February 23, 2017, Central Bank of Brazil (Bacen) issued Resolution CMN No. 4,577/2017, which established the need of implementing a capital management structure for financial institutions.

CMN Resolution no. 4,388/2014, which amends the provisions of further resolutions related to risk management, including from January 2015, the need to manage the risks of the Prudential Conglomerate, that is, of the companies that make up the Document Catalog (CADO) 4060, and determination of the Bank's numbers through this document.

Banco Inter S.A. has mechanisms that allow the identification and evaluation of the relevant risks incurred, including those not covered by Minimum Required Reference Equity (PRMR). Policies and strategies, as well as the capital plan, enable the maintenance of capital at levels compatible with the risks incurred by the Bank. Stress tests are performed periodically and their impacts are assessed from the capital point of view. The management reports on capital adequacy are reported to the business areas and strategic committees, providing support for the decision-making process by the Bank's Senior Administration.

The Basel Ratio was calculated according to the criteria established by CMN Resolutions no. 4,192/2013 and 4,193/2013, which deal with the calculation of Reference Equity (PR) and Minimum Required Reference Equity (PRMR) in relation to Assets Weighted by Risk (RWA).

The methodology for determining regulatory capital continues to be established in Levels I and II, with Level I composed of Core Capital (deducted from Prudential Adjustments) and Supplementary Capital, and the scope used for consolidation and assessment of operational limits considers the Prudential Conglomerate formed by Banco Inter and Inter Distribuidora de Títulos e Valores Mobiliários.

DLO - Document Of Operational Limits

Basel Index

Breakdown of Requirement - RWA

	09/30/2019	12/31/2018
Reference Equity (PR)	2,126,633	922,575
Reference Equity level I	2,126,633	922,575
Core Capital - CP	2,126,633	922,575
Risk Weighted Assets - RWA	4,898,792	3,090,253
RWA for Credit Risk by Standardized Approach - RWACPAD	3,638,002	2,516,860
RWA for Market Risk - RWAMPAD	540,611	64,717
RWA for Operational Risk by Standardized Approach - RWAOPAD	720,179	508,676
Minimum reference equity required		
Minimum Core Capital Required For RWA	220,446	139,061
Minimum Level I Reference Equity Required For RWA	293,927	185,415
Minimum Reference Equity Required For RWA	442,748	308,980
Excess capital over minimum reference equity		
Margin on Capital Requirements	1,734,730	783,514
Margin on level 1 required reference equity	1,832,705	737,160
Core Capital Index (CP/RWA)	43.41%	29.85%
Capital level 1 index (Level I / RWA)	43.41%	29.85%
Basel Index (PR/RWA)	43.41%	29.85%

g. Social and environmental responsibility

In addition to what is set forth in CMN Resolution no. 4,327/2014, for Banco Inter, social-environmental responsibility is when the organization itself, customers, users, suppliers or service providers, voluntarily adopt positions, behaviors and actions that promote the well-being of its internal public (employees, shareholders etc.) and external (community, partners, environment etc.). This is a voluntary practice that involves the benefit of the community and shall not be confused exclusively by compulsory actions imposed by the regulator.

In the businesses carried out by the Bank and in the products offered by it, specific assessments are carried out on the exposure to risks related to the social and environmental responsibility of its activities, including the granting of credit and even the contracting of outsourced services or suppliers. The management of related risks consists in assessing the social and environmental aspects with which the client is involved in complying with environmental laws, working conditions, use of natural resources, waste management, etc., and setting its social and environmental risk level in relation to its relationship with Banco Inter.

29 Other information

a) Guarantees and sureties - the balance of sureties and guarantees provided by the Bank and its subsidiaries, in the individual and consolidated amounts to BRL 5,318 (2018: R \$ 377).

b) Investment funds - Investment funds are managed through the subsidiary Inter Distribuidora de Valores Mobiliários. The sum of the shareholders' equity of funds consisting of own and third party funds amounts to BRL 834,475 (2018: BRL 122,626).

c) Insurance contracted - The Bank and its subsidiaries are insured for their main assets in amounts considered adequate by Administration to cover possible losses with claims.

30 Subsequent events

There were no other relevant subsequent events until the date of approval of these financial statements.

* * *

Board of Directors

Rubens Menin Teixeira de Souza - Presidente

João Vitor Nazareth Menin Teixeira de Souza – Board Member

José Felipe Diniz - Board Member

Marcos Alberto Cabaleiro Fernandez - Board Member

Leonardo Guimarães Corrêa - Board Member

Cristiano Henrique Vieira Gomes - Independent Councilor

Luiz Antônio Nogueira de França - Independent Councilor

Chief Executive Officer

João Vitor Nazareth Menin Teixeira de Souza

Vice presidents

Alexandre Riccio de Oliveira

Marco Túlio Guimarães

Executive Office

Ana Luiza Vieira Franco Forattini

Guilherme Ximenes de Almeida

Helena Lopes Caldeira

Lucas de Souza Bernades

Priscila Salles Vianna de Paula

Rafael Alves Rodrigues

Ray Tarick Pereira Chalub

Rogério Toledo Goulart

Sebastião Luiz da Silva

Accountant in charge

Sicomar Benigno de Araújo Soares - CRC-MG 67.120-O-3