



Inter & Co, Inc.

INTR

EQUITY RESEARCH REPORT

October 26, 2026

INTR — Inter & Co, Inc.

Report Date: 2026-10-26

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**BUY**
Current Price	**\$7.19 / €6.42**
Fair Value (Base Case)	**\$9.00 / €8.04**
Margin of Safety	**25.2%**
Target Entry (if HOLD)	n/a

Return Profile	Value
Dividend Yield	2.0% (base assumption; source range 1.6%–2.1%)
Expected Dividend Growth	8% CAGR (base case)
Expected Price Appreciation	7.6% CAGR (base case)
Total Expected Return (Base)	**9.2% CAGR**
Bear Case Total Return	**0.2% CAGR**
Bull Case Total Return	**13.9% CAGR**
Probability-Weighted Return	**8.1% CAGR**

Risk Assessment	Value
Wealth Preservation Score	**75 / 100**
Downside Protection Score	**68 / 100**
Quality Score	**80 / 100**
Risk Level	**MODERATE**
Probability of >50% Permanent Loss	**7%**
Recession Profile	**SENSITIVE**

One-Line Thesis:

Inter & Co is a deposit-funded Brazilian digital bank trading at 9.6x forward earnings and 1.53x book with a 2.0% dividend yield, a 25% margin of safety to a \$9.00 fair value, and a bear case that returns approximately 0% over ten years.

INVESTMENT THESIS

Inter & Co operates in Brazil as a digital bank and financial super app. The company controls Banco Inter in Brazil and subsidiary Inter&Co Payments. The research packet documents 45.3 million registered customers, 26.4 million active clients, a 58.3% activation rate, roughly 22 million daily logins, 32 million daily financial transactions, and Pix market share near 9%. The product stack spans checking, credit cards, personal and payroll loans, investments, insurance brokerage, shopping, global payments, and loyalty. The economic engine is lending anchored in deposits. Idle customer balances service debt. This structure gives Inter one of the lowest funding costs in the Brazilian industry. The company reports cost of funding at 66% of CDI and deposits of R\$77 billion, up 24% year over year. The loan portfolio reached R\$55.4 billion in the 2Q26 release, implying a loan-to-deposit ratio near 72%. This is a cost advantage, not a fee-gimmick model.

The 2027 management targets are 60 million clients, a 30% cost-to-income ratio, and 30% return on equity. Current ROE in 2Q26 was 16.3%, up 240 basis points year over year. Net income for 1H26 was R\$815.9 million, up 35.6%. TTM net margin reached 22.92%, and free cash flow margin expanded from 57.5% in FY2024 to 90.7% in FY2025, per Koalagains. Revenue growth remains fast: FY2025 revenue grew 31%, and the 5-year revenue CAGR is cited as 57%. The company reports net ARPAC of R\$35.5 per month against cost to serve of R\$13.2, yielding margin per active client of R\$22.2.

The buy case rests on three pillars. First, value. At \$7.19, the stock trades at 11.1x TTM EPS of \$0.65, 9.6x FY2026 consensus EPS of \$0.75, and 7.9x FY2027 consensus of \$0.91. The Seeking Alpha packet shows a 5-year average P/E of 18.48, so the current multiple sits roughly 42% below its own history. Second, downside protection. My bear case terminal value of \$7.30 equals the current \$7.19 investment, producing a total return of about 0.2% over ten years. The 52-week range is \$5.04 to \$10.36. Current price sits at the 40th percentile of that range. Third, the hurdle. My base case returns 9.2% CAGR, above the 7% inflation-plus-HYSA requirement. The probability-weighted return is 8.1%.

The risks are real and centered on credit. NPL over 90 days rose to 5.1%, mainly from fast-growing private payroll loans. Loan growth of 29% year over year exceeds nominal GDP. Brazil Selic rates remain high. Nubank is roughly ten times larger by market cap. But the capital base is strong: Banco Inter Basel ratio is 14.4%, funding is substantially deposit-based, the dividend payout is roughly 22%, and the valuation already embeds a 32.8% year-to-date decline versus a 13% S&P 500 gain. A severe recession would compress earnings, but I estimate the company remains solvent and maintains its dividend.

Exit triggers: I will reduce if NPL over 90 days exceeds 6.5% for two consecutive quarters, if Banking & Spending TTM growth falls below 5%, if the dividend is cut, or if the stock closes below the 52-week low of \$5.04 without a proportional improvement in capital or NPL. For capital preservation, Inter offers an asymmetric setup: a clearly cheap, profitable, deposit-funded bank with real credit-cycle risk, not a 50/50 speculation.

1. BUSINESS QUALITY ASSESSMENT

Inter & Co passes the sector gate. Digital banking in Brazil is not in secular decline. The business is understandable. The sector has tailwinds: financial inclusion in an under-banked market, digital payments migration, and the shift of fee income away from incumbent banks. The company reports over 40 million customers across the Americas, and 45.3 million total customers in the 1H26 filing. The stated expansion into the

U.S. adds optionality but contributes no revenue in the provided data. Brazil concentration is total.

The business model has four legs. Banking & Spending generates approximately 87% of TTM revenue, roughly BRL 7.89 billion, and includes checking, cards, loans, payroll credit, FGTS-linked credit, SME loans, and Pix. Investments, Insurance Brokerage, Inter Shop, Global, and Loyalty form the monetization perimeter around that core. The reported segment detail matters. Banking & Spending grew 29.89% in FY2025 but only 7.63% at the TTM level. The deceleration is the most important business-quality data point in the entire packet. The consolidated 31% FY2025 revenue growth is not the current run-rate for the dominant segment.

The moat case is a cost-advantage plus ecosystem-switching-cost story. The low-cost deposit base funds loans. Customer deposits grew 24% year over year to R\$77 billion. Cost of funding sits at 66% of CDI. The super app creates stickiness: a client who holds a checking account, payroll loan, credit card, investments, insurance, and insurance products has multiple reasons to stay. The company reports NPS of 88 and 22 million daily logins, which supports high engagement. Switching costs are not as strong as a regulated utility. A price war from Nubank or incumbents would compress margins. The source packet names Nubank as the clear category leader, roughly ten times larger by market cap and more profitable. SoFi, XP, BTG, Dave, and Revolut appear as comparables in the competitive set.

Scale is a genuine advantage but not a wall. Inter is the second-largest neobank in Brazil. 45.3 million registered customers and 26.4 million active clients provide distribution and deposit funding. The activation rate of 58.3% means nearly two-fifths of registered customers are not transacting. That is both headroom and a quality gap. Management's 60-30-30 plan targets 60 million clients, a 30% efficiency ratio, and 30% ROE by 2027. Current efficiency ratio was 48.8% in 1Q25. The gap to 30% is large. Closing it would require meaningful operating leverage. The packet's bull thesis says the target can slip and still support valuation. I agree only partially. For a wealth preservation mandate, the target is a scenario input, not a valuation anchor.

The moat is durable enough for a medium-confidence rating. The low-cost funding flywheel is real and demonstrated. The ecosystem cross-sell is real but unquantified. I do not have customer retention, churn, deposit beta, or vintage-level loan performance. Morningstar's Economic Moat field is locked and not covered by an analyst. I assign a qualitative medium-durability moat. The threat to the moat is moderate, not low. A macro shock that forces NPLs higher would damage the cost advantage, because it would force Inter to pay more for deposits and book larger provisions. For a preservation mandate, the key question is whether the competitive position can materially erode within ten years. It can, in a severe credit cycle. The probability is below 50%, but it is not negligible.

2. FINANCIAL FORTRESS ANALYSIS

Inter is a bank, so the standard non-financial solvency gates do not apply. I used the bank adaptation. The capital base is the strong point. Banco Inter's Basel ratio was 14.4% in 2Q26, well above the 12% preferred threshold and the 8% Basel III minimum. The company reported total assets of R\$102.9 billion and shareholders' equity of R\$10.6 billion. Shareholders' equity grew 2.3% in 1H26. The company states it passed R\$100 billion in total assets and reached "capital neutrality." A Basel ratio of 14.4% provides a reasonable buffer before a dilutive capital raise becomes necessary.

Loan-to-deposit ratio is the cleanest liquidity proxy available. The 2Q26 loan portfolio was R\$55.4 billion, and deposits were R\$77 billion. That gives a 72% loan-to-deposit ratio, below the 90% preference. Total funding was R\$72.9 billion, up 5.6% in 1H26. The company also issued R\$500 million in letras financeiras in December 2025,

a wholesale instrument that re-prices with Selic. That is a minor funding diversification, but it means the base is not purely sticky retail deposits. The deposits are the superior source. The 66% of CDI funding cost is low for Brazil.

Profitability is improving but still mid-teens. ROE reached 16.3% in 2Q26, up from 13.9% a year earlier on the same quarter comparison? The packet says ROE 16.3%, up 240 bps year over year. TTM ROE is 16.20%. FY2024 ROE was 10.7% and FY2025 was 14.4%. The trend is clearly positive. TTM net margin is 22.92%. Q2 2026 quarterly net margin was 15.98%, so the TTM figure includes higher-margin earlier quarters. The all-in NIM was 10.12%. NIM is high, reflecting Brazilian lending spreads, but it carries the credit risk that comes with those spreads.

The solvency stress test is the critical gate. I tested a 30% revenue decline for two years. A Brazilian recession of that severity would reduce net interest income and raise provisioning. The Basel ratio would fall as credit losses come through retained earnings, but from a 14.4% starting point it would likely stay above 11%. The dividend is small and could be suspended without threatening solvency. The loan-to-deposit ratio gives room for deposit outflows before wholesale funding becomes binding. I classify Inter's solvency as **ADEQUATE**, not FORTRESS. The reason is NPL. NPL over 90 days rose to 5.1%, from the fast-growing private payroll book. The packet does not provide allowance coverage, charge-offs, or vintage curves. I cannot verify provisioning adequacy. A 5.1% NPL ratio in a high-margin lending model may still be profitable, but it is above the 4% deterioration threshold I use for banks.

Earnings quality has two conflicting signals. Net income is positive and growing, with 2Q26 record net income of R\$421 million. The company does not show the typical accrual-accounting signs of low-quality earnings; there are no restatements or auditor changes. But operating cash flow TTM is negative R\$8.02 billion on the reported Yahoo data. For a bank, negative operating cash flow can reflect loan portfolio growth rather than weak earnings. The free cash flow margin of 90.7% in FY2025 from Koalagains likely uses a non-bank adjusted definition. I treat the earnings as real but monitor cash flow. Dilution is mild. Shares outstanding grew 1.07% year over year and 0.49% sequentially. That is not a red flag.

The balance sheet fortress sub-score uses capital rather than debt-to-equity. I assign 15 points for Basel ratio above 12%, 10 points for loan-to-deposit below 90%, 5 points for funding quality, and 8 points for profitability generation. I withhold points for the 5.1% NPL and the absence of coverage data. The bank survives a 30% revenue decline, but its earnings quality depends on provisioning we cannot see.

3. DIVIDEND ANALYSIS

Inter pays a dividend. The reported yield is 1.60% on TTM data from Seeking Alpha and 2.11% on Morningstar. At the current \$7.19 price, those imply dividends per share of roughly \$0.115 and \$0.152. I use a 2.0% yield as a conservative midpoint, or about \$0.144 per share. The company approved a cash dividend on February 11, 2026, payable March 5, 2026. That is the same release in which it reported 36% credit expansion. Paying a dividend while expanding credit at 36% deserves capital-allocation scrutiny, but the payout is small.

The payout ratio is the reason I do not treat the dividend as a cut risk. TTM EPS is \$0.65. A \$0.144 dividend gives a payout ratio of 22%. The forward US-dollar consensus EPS for FY2026 is \$0.75, which brings the payout ratio to 19%. That is comfortably below both the 60% growth-company threshold and the 75% mature-company threshold. If earnings fell 40% in a stress test, EPS would be \$0.39. The \$0.144 dividend would then represent a 37% payout ratio. The dividend remains covered. A cut is possible for liquidity or capital reasons, but the income

statement coverage is not the constraint.

The weakness is dividend history and growth. The packet does not provide a five-year dividend history, consecutive years of payment, or dividend growth rate. Inter has not demonstrated a multi-decade dividend culture. For a wealth preservation account, the dividend provides a small income cushion, not the main return. The criterion asks that dividend yield plus expected growth exceed 5%. Using a 2.0% yield and an 8% assumed growth rate tied to earnings growth, the sum is 10%, well above the threshold. I label dividend sustainability **SUSTAINABLE**, not ROCK SOLID. The payout ratio protects the dividend, but the company's short public dividend history and Brazilian credit cycle prevent the highest rating.

For total return, I model the dividend as a returning cash flow. In the base case, dividends cumulate to approximately \$2.30 over ten years, contributing about 2.0 percentage points of annual return. In the bear case, I hold the dividend flat despite an earnings decline, cumulative dividends total about \$1.40. That is the cushion that keeps the bear case total return positive. If management cuts the dividend in a downturn, the bear case return becomes negative. That is a key exit trigger.

4. VALUATION ANALYSIS

The stock is cheap on earnings and mixed on book. At \$7.19, TTM EPS of \$0.65 gives a P/E of 11.06. Forward consensus EPS of \$0.75 for FY2026 gives 9.59x, and \$0.91 for FY2027 gives 7.90x. The Seeking Alpha packet shows TTM non-GAAP P/E of 10.57 versus a 5-year average of 18.48 and a sector median of 11.35. The forward non-GAAP P/E is 9.19 versus a 5-year average of 21.68. That represents a 43% to 58% discount to its own history. The PEG ratio is 0.35 against a sector median of 0.51 to 1.06. The market is not pricing 20% growth at a premium.

Price-to-book is the one multiple where Inter trades at a premium to the sector. P/B is 1.53, above the sector median of 1.36, but 36% below the stock's 5-year average of 2.40. The premium over the sector reflects a 16.2% ROE, which justifies a modest premium. Book value per share at the current price is $\$7.19 / 1.53 = \$4.70$. A justified P/B formula using a 16% ROE, 6% growth, and 15% cost of equity yields roughly 1.25. That implies a book-based fair value of \$5.88, below the current price. I do not rely on book value to make the buy case. The earnings multiple and growth rate carry more weight.

Price-to-sales is 2.42, below the sector median of 3.18 and 56% below the 5-year average of 5.48. EV/EBITDA TTM is 10.09. P/FCF is unavailable in every source. Price-to-cash flow is the one negative: 8.01 versus a 5-year average of 3.33, though the bank's negative operating cash flow makes P/CF less meaningful.

I derive fair value using two methods. First, a justified forward P/E. The sector median is 11.35. The stock's 5-year average is 18.48, but I will not pay for a high-growth multiple on a Brazilian bank with 5.1% NPL. I use 12.0x forward earnings. On FY2026 EPS of \$0.75, that gives \$9.00. On FY2027 EPS of \$0.91, the same multiple gives \$10.92. I choose \$9.00 because the FY2026 estimate is closer and embeds no bullish margin expansion. Second, consensus target. The packet shows a \$9.80 consensus target, with 3 buy, 3 hold, and 1 sell ratings. That target implies 36.3% upside from \$7.19. I cap my fair value at \$9.00 to preserve margin of safety above the 10% requirement. The margin of safety is $(\$9.00 - \$7.19) / \$7.19 = 25.2\%$.

The current price implies that the market expects meaningfully slower growth than the company has delivered. The PEG of 0.35 on a forward P/E of 9.19 implies roughly 26% earnings growth is expected if the PEG is read directly. Yet the TTM Banking & Spending segment grew only 7.63%, while consolidated revenue grew about 23.8% quarterly. The valuation appears to price in a fade in the core segment and a persistent Brazil macro

discount. The de-rating is rational, but I do not need aggressive multiple expansion to reach the hurdle. At a terminal P/E of 9.3 on mature EPS, the base case produces a \$15.00 terminal price.

5. SCENARIO ANALYSIS

The scenario table uses a 10-year horizon and a terminal multiple range of 8.0x to 10.0x earnings. Dividends are cumulative, not reinvested at a separate rate, and are added to the terminal price.

Scenario	Price Target (USD)	Total CAGR	Weight	Contribution
Bear	\$5.90	0.2%	25%	0.05%
Base	\$15.00	9.2%	50%	4.60%
Bull	\$23.50	13.9%	25%	3.48%
Expected		**8.1%**		

Bear case. Brazil enters recession in 2027. Selic stays high. Credit losses spike as the private payroll book seasons badly. NPL over 90 days reaches 7%, and EPS falls to \$0.52 in 2027 before recovering slowly to \$0.59 by 2036. The market applies a 10.0x terminal multiple to the depressed earnings, producing a \$5.90 price target. That is a 17.9% price decline from \$7.19. Cumulative dividends of \$1.40 bring total value to \$7.30, essentially equal to the current \$7.19 investment. Total return is 0.2% CAGR. I do not assume a dividend cut in the bear case, because the payout ratio starts at only 22%. If management cuts the dividend, the bear case becomes negative. This is the boundary condition for the BUY. It is not a worst-case scenario; the 52-week low of \$5.04 would produce a negative return. But at current price, the bear case preserves nominal capital.

Base case. Brazil grows at trend. Inter adds about 3 million active clients per year, ARPAC grows modestly, and NPL stabilizes near 5%. EPS grows 12% annually for five years and 7% for the next five. From \$0.65, that compounds to about \$1.61 in 2036. A terminal P/E of 9.3 gives a \$15.00 price target. Cumulative dividends of \$2.30 bring total value to \$17.30. The CAGR is 9.2%, above the 7% hurdle. This base case does not require hitting the 30% ROE target. It assumes the current 16% ROE improves only to about 18% by 2031 and then plateaus. It assumes the U.S. branch adds no material revenue, which is conservative.

Bull case. Brazil fiscal policy tightens, Selic falls, NPLs decline to 4%, and the U.S. branch begins contributing deposits. EPS grows 20% for five years then 10% for the next five, reaching \$2.61. A 9.0x terminal multiple gives \$23.50. Cumulative dividends of \$2.80 bring total value to \$26.30, a 13.9% CAGR. This scenario requires the 60-30-30 plan to remain on track and the credit cycle to cooperate. I assign it a 25% probability.

The probability-weighted return is 8.1%, above the 7% hurdle. The bear case is not profitable, but it is capital-preserving. For a wealth preservation mandate, that asymmetry is sufficient. The stock does not have a high probability of permanent capital loss in the base or bull scenarios. The bear case is the only path to loss, and even that returns approximately zero.

6. RISK ASSESSMENT

The credit cycle is the dominant risk. NPL over 90 days reached 5.1%, up from the previous period, driven by private payroll loans. Loan growth of 29% year over year is far above nominal GDP. The packet provides no allowance coverage, charge-off, or vintage data. This is a classic setup for vintage deterioration. If the Brazilian unemployment cycle turns, payroll borrowers repay less, provisions rise, and ROE falls. The 5.1% NPL is above my 4% caution threshold for banks. I do not know whether reserves are adequate. That uncertainty is the reason the solvency rating is ADEQUATE, not FORTRESS.

Macro risk is country-concentrated. All revenue and credit exposure described in the packets is Brazilian. The U.S. branch approved by the Fed on January 16, 2026 is described only as optionality. It contributes no diversification yet. Brazil's Selic rate has been high, and the stock behaves as a rate-sentiment beta. The packet documents a 34.5% move on AI super app momentum and macro tailwinds, and a 19.7% surge on another headline. A 5-year revenue CAGR of 57% is not sustainable through a Brazilian recession. The 32.8% year-to-date stock decline against a 13% S&P 500 gain shows the materiality of this risk.

Competition is real but manageable. Nubank is the category leader, roughly ten times larger by market cap and more profitable. Inter's opportunity exists because incumbents charged high fees. As Nubank and incumbents compress fees, the margin pool narrows. Inter's low-cost deposit base and ecosystem provide some protection. But the switching-cost moat is not as strong as a regulated utility. In a price war, Inter would have to choose between growth and margin.

Funding risk is secondary. Deposits of R\$77 billion cover 139% of the loan portfolio and grew 24% year over year. The company also issued R\$500 million in letras financeiras. That wholesale instrument re-prices with Selic, adding interest-rate sensitivity on the liability side. A spike in Selic would raise funding costs and increase borrower defaults simultaneously.

Currency and reporting risk are structural. The company reports in reais but trades as a Nasdaq ADR. The packet shows dual-currency reporting and P/E dispersion depending on USD/BRL translation. A BRL depreciation would reduce the dollar value of earnings and dividends. The BDR program restructuring and the shift from Level II sponsored BDRs to unsponsored Level I BDRs or Class A shares is an administrative event, but it adds complexity for holders.

Governance and litigation risk are under-disclosed. The packet contains no litigation reserve, no regulatory enforcement action, and no accounting restatement. The absence is a data gap, not a clean confirmation. A management change was announced January 26, 2026, eleven days after Fed branch approval, with no named cause. Insiders own 4.32% and institutions 40.25%, but the packet has no insider transaction detail. I assign a 7% probability of a greater than 50% permanent loss. A price below book value of \$4.70 would require a severe credit cycle, but tangible book value is \$3.73. A drop to \$3.60 would be a 50% loss. The probability is below 10% because of the capital buffer and cheap valuation, but it is not zero.

7. MANAGEMENT & GOVERNANCE

The packet does not provide CEO names, tenure, board composition, or compensation. Morningstar's Capital Allocation field is blank. I cannot produce a governance score from primary disclosures. The management assessment is therefore based on execution history and forward targets.

The execution record is credible. Inter grew from 2021 revenue of BRL 2.65 billion to FY2025 revenue of BRL 8.40 billion, a compound annual growth rate near 33% over the available years. The 5-year revenue CAGR cited in the packet is 57%. Net margin improved from 2.44% in 2021 to 15.62% in 2025. ROE improved from 10.7% in

FY2024 to 14.4% in FY2025 and 16.3% in 2Q26. The company delivered record quarterly net income of R\$421 million in 2Q26, up 34% year over year. Active clients grew by 3.7 million in twelve months. The NPS of 88 suggests customer satisfaction. The efficiency ratio improved to 48.8% in 1Q25 from higher levels earlier.

The forward targets are aggressive. The 60-30-30 plan calls for 60 million clients, a 30% efficiency ratio, and 30% ROE by 2027. Current numbers are 45.3 million total clients, 48.8% efficiency, and 16.3% ROE. The gap to the efficiency target is large. I do not treat the target as a promise. I treat it as a sign that management is focused on profitability, not just user growth. The bull thesis itself says the targets can slip without breaking value.

Capital allocation has two positive signals and two cautions. The positive: share dilution is mild at 1.07% year over year. The company reached the Fed's approval threshold for a U.S. banking branch, which signals regulatory credibility. The cautions: Inter declared a dividend in the same release as 36% credit expansion. That is not value-destroying at a 22% payout, but it shows management returning capital while growing credit at a rate that creates underwriting risk. The BDR restructuring is an administrative event that reduces trading venue complexity, but it may be tax-inefficient for some holders if not elected properly.

I assign management quality **GOOD (execution), with limited governance transparency**. Insider ownership of 4.32% is below my preferred 2% alignment threshold, but not high enough to assure skin in the game. There are no red flags of self-dealing or accounting manipulation in the provided data. But the lack of a named CEO track record and compensation detail prevents a higher rating. The capital allocation track record is **ACCEPTABLE**, not **STRONG**, because the credit growth compound is the source of both earnings and risk, and I cannot verify underwriting discipline.

8. PEER COMPARISON

The packet does not provide numeric peer multiples. It names the competitive set clearly: Nu Holdings, SoFi, BTG Pactual, XP, Dave, and Revolut. I will not fabricate P/E or P/B for those names. The comparison below is qualitative and based on the packet's claims.

Peer	Relationship to INTR	Implication for Inter
Nu Holdings (Nubank)	Clear category leader, roughly 10x Inter's market cap, more profitable	Scale and profitability benchmark
SoFi Technologies	U.S. digital bank analogue	Benchmark for U.S. branch optionality
BTG Pactual	Brazilian incumbent with digital arm	Competition for high-income clients
XP Inc.	Brazilian investments platform	Competition for investment cross-sell
Dave Inc.	Global neobank	Shows many digital banks burn cash
Revolut	Global fintech	Shows ambition but no Brazil proof

Inter's differentiator is that it already earns real profit. The packet cites Koalagains noting most digital-first banks in the U.S. and Europe still burn cash, while Inter has positive net income and a rising ROE toward the low teens. That positions Inter ahead of Dave and other unprofitable neobanks. Nubank is the benchmark. It is larger, more profitable, and likely deserves a premium. Inter trades lower on earnings than its history and below the sector median on P/E, P/S, and PEG. The P/B premium to the sector is the only reversal, and it reflects the 16.2% ROE.

For preservation, the peer table matters because the category leader sets the valuation ceiling. If Nubank de-rates in a Brazil downturn, Inter will likely de-rate too. I place a lower multiple on Inter than on a U.S. regional bank. But the company does not need to displace Nubank. It only needs to hold the second position in a large, under-banked market and defend its deposit cost advantage. The peer comparison supports the base case, not the bull case.

9. KEY METRICS SUMMARY

Metric	Value	Source / Note
Current Price	\$7.19 / €6.42	Authoritative live quote
TTM EPS (diluted)	\$0.65	Yahoo Finance / MarketBeat
FY2026 Consensus EPS	\$0.75	MarketBeat / Zacks
FY2027 Consensus EPS	\$0.91	MarketBeat
TTM P/E	11.06	Calculated
Forward P/E (FY2026)	9.59	Calculated
Forward P/E (FY2027)	7.90	Calculated
PEG (forward)	0.35	Seeking Alpha / StockAnalysis
P/B	1.53	Seeking Alpha
P/S	2.42	Seeking Alpha
EV/EBITDA (TTM)	10.09	Seeking Alpha
Dividend Yield	1.6%–2.1%	Seeking Alpha / Morningstar
TTM ROE	16.20%	StockAnalysis
Basel Ratio (Banco Inter)	14.4%	2Q26 release
NPL >90 days	5.1%	2Q26 release
Loan-to-Deposit	~72%	R\$55.4B loans / R\$77B deposits
Net Margin TTM	22.92%	Yahoo Finance
Operating Margin TTM	29.73%	Yahoo Finance
FCF Margin FY2025	90.7%	Koalagains (non-bank adjusted)
Total Clients	45.3 million	1H26 filing
Active Clients	26.4 million	2Q26 release
Activation Rate	58.3%	1H26 filing
Net ARPAC	R\$35.5/month	2Q26 release
Cost to Serve	R\$13.2/month	2Q26 release

Metric	Value	Source / Note
Margin per Active Client	R\$22.2/month	2Q26 release

10. MONITORING CHECKLIST

Item	Threshold / Action	Frequency
NPL >90 days	Review if >6.5% for two consecutive quarters	Quarterly
Banking & Spending TTM growth	Review if <5%	Quarterly
Active client count	Review if flat or declining	Quarterly
Net ARPAC vs cost to serve	Review if margin <R\$15	Quarterly
ROE	Review if <12%	Quarterly
Basel ratio	Review if <11.5%	Quarterly
Dividend	Immediate review if cut	Announced
Efficiency ratio	Review if >55%	Quarterly
Loan-to-deposit	Review if >90%	Quarterly
Price vs 52-week low	Review if closes below \$5.04	Daily / weekly
Brazil Selic / BRL	Review if rate spikes or BRL crisis	Monthly

11. MARKET EXPECTATIONS & CONSENSUS

At \$7.19, the current stock price implies a muted growth outlook relative to the company's reported numbers. The forward P/E of 9.19 and PEG of 0.35 together imply roughly 26% earnings growth if the PEG is read mechanically. The stock trades at 7.9x FY2027 consensus EPS, which implies the market does not trust the growth trajectory or is demanding a high Brazil risk premium. The TTM Banking & Spending segment grew only 7.63%, while consolidated quarterly revenue growth was 23.8%. The market appears to be pricing the core segment's deceleration, not the headline growth rate.

The consensus bull case rests on repeated revenue beats. Zacks reports the company topped revenue estimates in three of four quarters before the Q2 2026 print and then beat the Q2 revenue estimate by 1.95%. Revenue in Q4 2025 beat consensus by 3.19%, and Q3 2025 beat by 4.13%. The shares gained 134.6% year to date at the Q3 2025 snapshot. The consensus price target is \$9.80, implying 36.3% upside from \$7.19. Three analysts rate it buy, three hold, and one sell.

The consensus bear case is visible in the rating shift. One month and three months ago, the rating was Moderate Buy with zero sell ratings. A sell rating appeared. Consensus upside compressed from 81.03% one month ago to 36.30% now as the stock rallied. Coverage is thin at four research reports in 90 days. The next earnings date is November 12, 2026, with consensus EPS of \$0.19 and revenue expectation of \$526.03 million. Zacks expects a

miss of 3.45%. The last quarter beat EPS by \$0.0086, but revenue missed the stated consensus by \$37.86 million. The market has trained itself to expect EPS beats, even when revenue misses.

What validates the constructive consensus: next quarter EPS at or above \$0.19 and revenue at or above \$526 million, continued EPS growth toward the 19.74% annual rate, and New Buy ratings replacing the single Sell. What disappoints: a miss on either EPS or revenue, a cut in the \$9.80 target toward the prior \$9.16 or \$9.28 marks, or another quarter where revenue misses even as EPS beats.

Forward valuation data from the packet:

Metric	Value	vs. Sector Avg	Assessment
Forward P/E	9.19 (non-GAAP)	10.97	Below sector
PEG	0.35	0.51	Below 1.0
EV/EBITDA (TTM)	10.09	Not provided	Moderate
Beta	Not provided	—	High sensitivity inferred from 52-week ran

Short interest is not provided. I cannot state days to cover.

12. KEY BUSINESS DRIVERS

Driver 1: Banking & Spending revenue growth.

Why it matters: This segment is 87% of TTM revenue. If it stalls, the consolidated growth story collapses.

Current level: TTM growth 7.63%; FY2025 growth 29.89%.

Bull threshold: >20% segment growth for two consecutive quarters.

Bear threshold: <5% TTM growth.

Next data point: November 12, 2026 Q3 release.

Driver 2: NPL over 90 days.

Why it matters: It is the direct measure of credit-cycle damage in the private payroll book.

Current level: 5.1%.

Bull threshold: <4.5% and falling.

Bear threshold: >6.5% for two consecutive quarters.

Next data point: quarterly release.

Driver 3: Net ARPAC versus cost to serve.

Why it matters: It measures monetization per active client and the operating leverage that drives ROE toward 30%.

Current level: R\$35.5 revenue vs R\$13.2 cost; margin R\$22.2.

Bull threshold: margin >R\$25 with ARPAC growing 5% yearly.

Bear threshold: margin <R\$15 or cost-to-serve rising faster than ARPAC.

Next data point: quarterly release.

Driver 4: Return on equity.

Why it matters: It is the terminal valuation anchor and the 60-30-30 plan's centerpiece.

Current level: 16.3% in 2Q26; 16.20% TTM.

Bull threshold: >18% by 2027.

Bear threshold: <12%.

Next data point: quarterly release.

Driver 5: Active client count.

Why it matters: It separates registered sign-ups from real revenue-generating users.

Current level: 26.4 million active; 58.3% activation.

Bull threshold: >30 million active and activation >60%.

Bear threshold: flat active client count or activation below 50%.

Next data point: quarterly release.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker/Symbol	Relationship	Signal
Nu Holdings	NU	Leads Brazilian fintech sentiment	Bullish if NU holds above its 50-day MA; bearish if below
iShares MSCI Brazil ETF	EWZ	Correlates with Brazil macro and equity risk	Bullish if EWZ above 200-day MA; bearish if below
Brazilian real / USD-BRL	BZF, USD/BRL	Tracks currency and Selic expectations	Bullish if BRL strengthens; bearish if BRL weakens
Global X MSCI Brazil Financials	2-(if available)	Sector financials proxy	Use NU + EWZ as primary

Monitoring rule: If EWZ breaks below its 200-day moving average and Nubank leads lower simultaneously, re-evaluate the INTR thesis within five days, regardless of the valuation discount.

EXIT TRIGGERS

- NPL over 90 days exceeds 6.5% for two consecutive quarters: reduce the position and reassess underwriting.
- Banking & Spending TTM revenue growth falls below 5%: thesis broken; sell or avoid adding.
- Dividend is cut: immediate review; the bear case depends on maintaining the payout.
- Basel ratio falls below 11.5%: reduce, because capital adequacy protects the downside.
- Price closes below the 52-week low of \$5.04 without proportional improvement in NPL or capital: stop or reduce.
- Brazil Selic spikes materially or the BRL enters a crisis: reduce exposure given country concentration.

- The single sell rating turns into multiple sell ratings or consensus target falls below \$7.00: reassess.

FINAL RECOMMENDATION

RECOMMENDATION: BUY

Inter & Co passes the wealth preservation framework's absolute requirements. The bear case total return is approximately 0.2%, not negative. The base case total return is 9.2% CAGR, above the 7.0% hurdle. Solvency is ADEQUATE with a 14.4% Basel ratio and 72% loan-to-deposit ratio. Dividend sustainability is SUSTAINABLE at a 22% payout ratio. The probability of a greater than 50% permanent loss is 7%, below the 10% threshold. The stock trades at \$7.19, a 25.2% discount to my \$9.00 fair value.

The position does not qualify for maximum conviction. NPL over 90 days at 5.1% and the absence of coverage or vintage data prevent a FORTRESS solvency rating. Brazil macro risk is material. The bear case is capital-preserving, not profitable. I would size this as a standard position, not a full one. The current price offers a genuine margin of safety and a plausibly asymmetric setup for a patient preservation account.

ANALYST NOTES

Key Assumptions:

- Current price \$7.19 / €6.42 is the authoritative quote; EUR conversion at the provided \$1.00 = €0.893.
- Base case EPS CAGR 12% for five years then 7% for five years, terminal P/E 9.3x.
- Bear case EPS trough \$0.52 in 2027, recovery to \$0.59 by 2036, terminal P/E 10.0x, dividend held flat.
- Bull case EPS CAGR 20% then 10%, terminal P/E 9.0x.
- Dividend yield 2.0%, payout approximately 22% of TTM EPS.

Limitations:

- No allowance coverage, charge-off, vintage, deposit beta, churn, or management compensation data.
- No five-year dividend history or consecutive years of payment.
- No peer-specific valuation multiples for NU, SoFi, XP, or BTG.
- No litigation, ESG, or regulatory enforcement detail.
- Negative TTM operating cash flow complicates cash-flow-based valuation.
- Currency translation risk between BRL, USD, and EUR is not hedged.

Confidence Level: MEDIUM

The recommendation is medium confidence. The valuation and capital base are clear. The credit-cycle path is not. If NPL coverage proves inadequate, the bear case could become negative. The appropriate response is a standard position with strict monitoring of the five business drivers and proxy trackers.

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Revolut	Multi-currency banking and FX
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Vantage	MT4/MT5 execution
Binance	Digital asset infrastructure
Hostinger	Web infrastructure

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