

BANCO
inter

Quarterly
Information
on June 30, 2018 and
2017

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

bancointer.com.br



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Management Report

The Management of Banco Inter S.A., a private multiple bank specialized in credit and digital services, in accordance with legal and statutory provisions, presents to its shareholders the Consolidated Quarterly information for the period ended on June 30, 2018. The information, unless otherwise indicated, is expressed in Brazilian currency (in thousands of Brazilian Reais) and was prepared based on accounting practices derived from 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 acts as a leader in the Brazilian banking industry revolution, offering a proposal of disruptive and unprecedented value. 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 an unique business model, bringing together the best features of the traditional banking industry and financial technology companies (fintechs). The more than 20 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 internet banking and application, we offer our own products and third party products, ranging from traditional financial products to innovative services such as checking account, real estate credit, personal credit, investments, insurance, consortium, Interpag (payment via QR Code), credit for prepaid cell phones, among others.

On June 30, 2018, the Bank was present in more than 5,000 Brazilian cities, 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 184,7 thousand account holders on June 30, 2017 to 741,5 thousand on June 30, 2018, equivalent to 301.4% growth in the period.

In the first half of year 2018, we have taken an important step towards further advancing our purpose of banking revolution by making our Initial Public Offering (IPO) on April 30, 2018.

Operational Highlights

Digital Account

On June 30, 2018, we reached 741,5 thousand digital account holders and continued to implement improvements in the Digital Account, releasing new products, such as the consortium, and investing in a better user experience in our app. During the semester, we increased the number of accounts opened per day, reaching an average of more than 3,6 thousand accounts in June.

In the first half of 2018, the number of transactions carried out via app and internet banking totalled 23.9 million, an expressive increase of 499% when compared to the same period of the previous year. In addition, the amount traded was BRL 13.7 billion in the first half of 2018, an increase of 186% over the same period of the previous year.

Credit Portfolio

On June 30, 2018, the balance of the Total Loan Operations amounted to BRL 2.9 billion, a positive variation of 17.1% in relation to June 30, 2017. The Credit portfolio with real estate

guarantee totalled BRL 1.7 billion, up 21.9% compared to the first half of 2017, when it totalled BRL 1.4 billion. However, the Consumer Credit portfolio, comprised of BRL 832.6 million in Payroll Credit and BRL 27.2 million in Credit Cards, presented a growth of 8.1% compared to the same period in 2017, closing the semester with BRL 859.8 million. The Corporate Credit portfolio without real estate guarantee decreased 24.3% in relation to the same period of 2017, totalling BRL 159.2 million.

Fund-Raising

On June 2018, total fund-raising totalled BRL 3.3 billion, 10.5% higher than the BRL 3.0 billion recorded on June 2017. Time deposits (CDB), Agribusiness Credit Letters (LCA), Real Estate Credit Letters (LCI) and Financial Letters (LF) accounted for 89.0% of total deposits. On June 2018, the balance of LCIs issued recorded BRL 1.5 billion, an increase of 13.34% over the same period of the previous year.

Economic-Financial Highlights

Net Profit

In the first half of 2018, Net Income reached BRL 28.4 million, an increase of 27.6% comparing to the first semester of 2017. The evolution of Net Income is a result of the growth in the clients base and Banco Inter's efforts to diversify the products and services offered to its clients. In addition, Revenues from Credit Operations also contributed to the expansion of Net Income, especially in the real estate segment, which grew 27.82% comparing to the same period in the previous year.

The Return on Average annualized Owners' Equity (ROAE) in the first half of 2018 was 10.1%, a reduction of 2.5 p.p. when compared to the same period of the previous year.

Gross profit from financial intermediation

In the first half of 2018, the Gross Income from Financial Intermediation reached BRL 147.1 million, 45.8% higher than the amount registered in the same period of 2017.

Administrative Expenses

Administrative and personnel expenses incurred during the first half of 2018 totalled BRL 119.6 million, an increase of 50.6% over the same period of 2017, a growth explained by the expansion in the number of clients of the Bank and the volume of operations.

Equity Highlights

Total Assets

Total Assets totalled BRL 4.6 billion at the end of the first half of 2018, an increase of 30.3% compared to the first half of 2017. An emphasis is made to the Credit Operations, which totalled BRL 2.9 billion in June 2018, an increase of 17.1% in the last 12 months.

Net Equity

On June 30, 2018, Shareholders' Equity reached BRL 918.2 million, a 150.9% variation compared to the first half of 2017, with a significant increase due to the Initial Public Offering of Preferred Shares held in the first half of 2018.

The ratio between Credit portfolio and Owners' Equity, one of the indicators that measures the degree of leverage of the institution, closed the semester at 3.0 times, with a reduction of 3.5 times in relation to June 2017.

Basel Index

According to the regulatory rules of the Central Bank of Brazil, banks must maintain a minimum percentage of 8.625% of risk-weighted assets that affect their operations in order to preserve the solvency and stability of the financial system in relation to fluctuations and economic adversities.

Banco Inter ended the semester with a Basel Index of 33.97%, maintaining a strong capital structure for the maintenance of 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, which proves the adequate liquidity position and Banco Inter's comfortable capitalization level. The agencies highlight the improvement in credit quality, the mitigation of risks of mismatching deadlines and important advances in cross-selling of products and in the autonomy of fund-raising, reflecting the benefits of the exponential growth of the customer base in recent months.

Securities Portfolio - Circular No. 3.068/2001 - Bacen

Banco Inter declares that it has securities classified as "available for sale" in the amount of BRL 349 million at fair market value.

Board Statement

The Board of Directors of the Bank declares that it has discussed, reviewed and agrees with the opinions expressed in the independent auditors' report, as well as reviewed, discussed and agrees with the financial information for the semester ended on June 30, 2018.

Relation with Independent Auditors

In compliance with CVM Instruction no. 381, the Bank and its subsidiaries did not contract or have had services rendered by KPMG Auditores Independentes related to these companies other than the external audit services in the first half of 2018. The adopted policy complies with the principles that preserve the independence of the auditor, in accordance with internationally accepted criteria, i.e., the auditor shall not audit his own work or perform managerial functions in its client or promote the interests of the client.

Congratulations

In addition to the recurring recognition we have received from our customers, we are pleased to be able to rank as one of the "Best Companies to Work For" for the fifth consecutive year, occupying the 7th position among the companies of the State of Minas Gerais.

We thank our clients and partners for their trust in us, and each of our employees who build our history daily.

Belo Horizonte, July 31, 2018.

Management

To access the detailed Results Release, go to ri.bancointer.com.br.

KPMG Auditores Independentes
Rua Paraíba, 550 - 12º andar - Bairro Funcionários
30130-141 - Belo Horizonte/MG - Brazil
Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brazil
Telephone +55 (31) 2128-5700, Fax +55 (31) 2128-5702
www.kpmg.com.br

Report on the review of quarterly information - ITR

**To the Administrators and Shareholders of
Banco Inter S.A.**
Belo Horizonte - Minas Gerais

Introduction

We have reviewed the individual and consolidated interim financial information of Banco Inter S.A. contained in the Interim Financial Information (ITR) for the quarter ended on June 30, 2018, which comprises the balance sheet as of June 30, 2018, and the related financial statements of income, comprehensive income for the three-month and six-month period ended on such date, changes in shareholders' equity and cash flows for the six-month period ended on such date, including the explanatory notes.

The Bank's management is responsible for preparing and presenting these interim financial information in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil, as well as for submitting such information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information. Our responsibility is to express a conclusion on this interim accounting information based on our review.

Range of Review

We conducted our review in accordance with the Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim financial statements Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Statements Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might 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 leads us to believe that the aforementioned interim, individual and consolidated financial information included in the quarterly information referred to above was not prepared, in all material respects, 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 Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information (ITR).

Other matters

Statement of the added value

The individual and consolidated interim financial information related to the statements of value added (DVA) for the six-month period ended June 30, 2018, prepared under the responsibility of the Bank's management, which presentation is not required in accordance with the practices accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil were submitted to review procedures executed in conjunction with the review of the Bank's quarterly information. For the purpose of forming our conclusion, we assess whether these statements are reconciled with the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, we are not aware of any fact that would lead us to believe that they were not prepared, in all material respects, in a manner consistent with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, July 31, 2018.

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

Original report in Portuguese signed by
Anderson Luiz de Menezes
Accountant CRC MG-070240/O-3

Balance sheet on June 30, 2018 and June 30, 2017

(In thousands of Brazilian Reals)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Asset	Nota	Consolidated	
		6/30/2018	12/31/2017
Current			
Cash Equivalents	4	9,400	55,193
Interfinancial Applications	5	1,156,431	503,040
Investments in the Open Market		958,022	402,730
Investments in Interfinancial Deposits		198,409	100,310
Bonds and securities and derivative financial instruments	6	107,853	113,224
Own portfolio		90,245	109,135
Related to the Provision of Guarantees		17,608	-
Derivative financial instruments		-	4,089
Interfinancial accounts		68,966	1,717
Payments and Receivables to be Settled		22,357	33
Deposits with the Central Bank		46,609	1,684
Credit operations		719,617	576,910
Credit operations	7	745,739	659,212
Provision for doubtful liquidation credits	7 d	(26,122)	(82,302)
Other credits	8	269,991	161,196
Foreign Exchange Portfolio		1,278	1,738
Income Receivable		5,271	-
Miscellaneous		265,939	162,368
Provision for doubtful liquidation credits		(2,497)	(2,910)
Other values and assets	9	59,662	14,969
Other values and assets		37,789	-
Advanced expenses		21,873	14,969
Total of Current Assets		2,391,920	1,426,249
Non-current			
Long term assets			
Interfinancial Applications	5	-	3,224
Investments in Interfinancial Deposits		-	3,224
Bonds and securities and derivative financial instruments	6	242,662	204,168
Own portfolio		242,662	204,168
Credit operations		1,901,654	1,837,031
Credit operations	7	1,954,629	1,837,031
Provision for doubtful liquidation credits	7 d	(52,975)	-
Other credits	8	20,540	16,132
Miscellaneous		21,003	16,132
Provision for doubtful liquidation credits		(463)	-
Other values and assets	9	61,028	83,833
Other values and assets		52,446	72,149
(Provisions for Devaluations)		(277)	(277)
Advanced expenses		8,859	11,961
Total of long term assets		2,225,884	2,144,388
Permanent			
Investments	10	1,105	1,105
In the Country		-	-
Others Investments		1,105	1,105
Use of property, plant and equipment		6,511	5,536
Other used property, plant and equipment		14,527	12,949
(Accrued Depreciations)		(8,016)	(7,413)
Intangible		8,633	958
Intangible Assets		8,848	997
(Accrued Amortizations)		(215)	(39)
Total of permanent		16,249	7,599
Total of Non-Current Asset		2,242,133	2,151,987
Total of assets		4,634,053	3,578,236

Explanatory Notes are an integral part of Financial Statements.

Explanatory Notes to the quarterly information

(in thousands of Brazilian Reals, except as provided otherwise)

1 Operacional context

Founded in 1994, Banco Inter S.A. started operations in February 1995, with the main objective being the credit operations and the services allowed by the Central Bank of Brazil, being able, under the terms of the applicable legislation, to participate in other companies. The Bank is a publicly traded company, operating in the form of a Multiple Bank.

Banco Inter, a multi-service digital bank, with a complete platform for individuals and legal entities, operates in credit with a focus on Real Estate Credit, Personal Credit, Corporate Credit and Credit Card products. The fundraising portfolio is comprised of a diversified portfolio of investment products and has the following funding lines: Bank Certificate of Deposit (CDB), Letter of Real Estate Credit (LCI), Letter of Agribusiness Credit (LCA), Financial Letter (LF) and Deposit on demand.

2 Presentation of financial statements of Subsidiaries and Consolidated

The financial statements in the Subsidiaries and Consolidated were prepared based on the provisions contained in the Brazilian Corporate Law, including the changes introduced by Law 11,638 of December 28, 2007 and Law No. 11,941 of May 27, 2009, when applicable, with the regulations of the Central Bank of Brazil (BACEN) and of the National Monetary Council (CMN), based on the Accounting Plan for Institutions of the National Financial System (COSIF).

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

In this sense, the accounting pronouncements already approved by the Central Bank of Brazil are:

- **Resolution no. 3,566/2008** - Impairment of assets - CPC 01 (R1).
- **Resolution no. 3,604/2008** - Statement of Cash Flows - CPC 03 (R2).
- **Resolution no. 3,750/2009** - Disclosure about 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 Payment - CPC 10 (R1).
- **Resolution no. 4,007/2011** - Accounting policies, change of estimate and correction of error - CPC 23.
- **Resolution no. 4,144/2012** - Basic Conceptual Pronouncement - CPC 00 (R1).
- **Resolution no. 4,424/2012** - Employee benefits – CPC 33 (R1).
- **Resolution no. 4,524/2016** - Effects of changes in foreign exchange rates and translation 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 the CMN will approve the other accounting pronouncements of the CPC, nor whether the use of these will be prospective or retrospective.

Management announces that the disclosures made in the individual and consolidated financial statements of Banco Inter show all the relevant information used in its management and that the accounting practices described were consistently applied between the semesters, except for the accounting practice adopted as of January 01st, 2018, referring to the classification of overdue credit operations in current assets, as well as the segregation between current and non-current assets for settlement for doubtful accounts.

The issuance of the financial statements was authorized by the Executive Board in the minutes of the Meeting of the Executive Board of July 31, 2018.

a. Use of estimatives and opinions

In preparing these financial statements, Management 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. Actual results may differ from such estimates.

Estimates and assumptions are reviewed continuously. Revisions to the estimates are recognized prospectively. Information on the uncertainties related to assumptions and estimates that have a significant risk of resulting in a material adjustment in the periods following 2018 are included in the following explanatory notes:

- Explanatory Note no. 6 - estimates of the fair value of certain financial instruments and impairment losses of bonds and securities classified as available-for-sale securities.
- Explanatory Note no. 7 - Provisioning criterion: the measurement of estimated losses with credit operations.
- Explanatory Note no. 8 (d) - recognition of deferred tax assets: availability of future taxable income against which tax losses can be used.
- Explanatory Note no. 17 - recognition and measurement of provisions and contingencies: main assumptions about the probability and magnitude of the outflows of resources.

3 Main accounting policies

a. Basis for consolidation

The following table sets forth the subsidiaries included in the consolidated financial statements:

Entity	Branch Activity	Shareholding (%)	
		06/30/2018	12/31/2017
Inter Distribuidora de Títulos e Valores Mobiliários Ltda.	TVM Distributors	93%	95%
Inter Digital Corretora e Consultoria de Seguros Ltda.	Insurance Broker	84%	74%

Controlled

The Bank controls an entity when it is exposed to, or is entitled to, the variable returns arising from its involvement with the 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 of the date the Group obtains 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 method.

Participation of non-controlling shareholders

The Bank and its subsidiaries account for the non-controlling shareholder's share of shareholder's equity in the consolidated balance sheet. In the transactions of participation purchases with non-controlling shareholders, the difference between the amount paid and the interest acquired is recorded in owners' equity. Gains or losses on sale to non-controlling shareholders are also recorded in owners' equity.

Profits or losses attributed to non-controlling shareholders are presented in the consolidated statements of income as profit or loss attributed to non-controlling shareholders.

Balances and transactions eliminated on consolidation

Balances and transactions between Group companies, including any unrealized gains or losses arising from intercompany transactions, are eliminated in the consolidation process. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is 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 consideration paid in exchange for assets.

c. Functional currency

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

d. Result calculation

In accordance with the accrual basis, revenues and expenses are recognized in the calculation of income for the period to which they belong and, when they are correlated, simultaneously, regardless of receipt or payment. The formalized transactions entered into with fixed financial charges are restated based on the *pro rata criteria*, based on the variation of the respective agreed indexes, and the operations with pre-fixed financial charges are recorded at the

redemption value, restated on account of unearned income or expenses at corresponding to the future period. Transactions indexed to foreign currencies are adjusted up to the balance sheet date by the current rate criterion.

e. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, open market investments and in interbank deposits, short-term highly liquid investments with insignificant risk of change in value and limits with a maturity of 90 days or less, on the date of acquisition, which are used by the Bank to manage its short-term commitments and are presented in Explanatory Note no. 4.

f. Interfinancing liquidity applications

Interbank investments are recorded at cost, plus income earned up to the balance sheet date, less a provision for impairment losses, when applicable.

g. Bonds and securities

Bonds and securities are recorded and classified in accordance with BACEN Circular no. 3,068/2001, which provides the evaluation and accounting ranking criteria for such papers. The Bank has papers classified as:

- **Available-for-sale securities** - Include securities carried at market value, their intrinsic income being recognized in the income statement and gains and losses arising from changes in market value, not yet paid-up, recognized in a specific owners' equity account (Adjustment to equity valuation) until the pay-up by sale, net of the corresponding tax effects, when applicable.

Securities classified in the available-for-sale category, as well as derivative financial instruments, are shown in the consolidated 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 market prices, pricing models, discounted cash flow or similar techniques for which the fair value determination may require significant judgment or estimation by the Administration.

h. Derivative financial instruments

Derivative financial instruments are valued at market value at monthly balance sheets and balance sheets. The valuations or devaluations are recorded in the income or expense accounts of the respective financial instruments.

The marking-to-market methodology of derivative financial instruments was established in accordance with the consistent and verifiable criteria that take into account the average trading price on the day of calculation or, failing this, pricing models that reflect the net paid-up value according to the characteristics of the derivative.

The transactions are recorded at fair value considering the mark-to-market methodologies adopted by the Bank, and their adjustment can be recorded in the statement of income or in shareholders' equity, depending on the classification between accounting hedge, their categories and economic hedge.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposures to changes in market value or in the cash flow of financial assets, liabilities or expected future transactions 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 valuations or devaluations recognized in the income statement for the period.

Cash flow hedge: For the financial instruments included in this category, the effective portion of the valuations or devaluations is recorded, net of tax effects, in the “Equity valuation adjustment of owners’ equity” account. An effective portion is understood as the variation in the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for hedge, considering the cumulative effect of the transaction. The 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 a follow-up of: (i) strategy effectiveness, through prospective and retrospective effectiveness tests, and (ii) mark-to-market of hedge instruments.

i. Credit operations and allowance for doubtful liquidity credits

Basically, they consist of loans and financing with operations carried out at pre and post fixed rates. These are presented at paid-up values, including income earned as a result of the contractual terms of operations, and are classified in the respective risk levels, observing: (i) the parameters established by CMN Resolution no. 2,682/1999, which requires its classification into nine levels, being “AA” (minimum risk) and “H” (maximum risk); and (ii) Management’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 operations, debtors and guarantors. In addition, the periods of delay defined in CMN Resolution no. 2,682/1999 are also considered for assigning customer rating levels as follows:

Delay period	Customer rating
From 0 to 14 days	A
from 15 to 30 days	B
from 1 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

The updating of credit operations due up to the 59th day is recorded in revenue from credit operations and, as from the 60th day, in unearned income, and will only be appropriated to the income when it is actually received.

Renegotiated operations are maintained at least at the same level as they were classified. Renegotiations of credit operations that had been written off against the provision and which were in the clearing accounts are classified as an “H” level, and any gains from the renegotiation are only recognized as income when actually received.

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

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

The allowance for doubtful accounts is calculated in an amount sufficient to cover probable losses in accordance with the standards and instructions of BACEN, in connection with evaluations carried out by Management, in determining credit risks.

j. Other values and assets

Composed basically of non-own assets and anticipated expenses. Non-own assets corresponding to available-for-sale real estate are classified as assets received as payment receivable and recorded at the carrying amount of the loan or financing. According to Central Bank of Brazil (Bacen) Circular no. 909/1985, the Bank must dispose of these assets within one year after their actual receipt.

The prepaid expenses correspond to investments of resources which benefits will occur in future years.

The appropriation of prepaid expenses with commission on correspondent credit operations is carried out in accordance with the provisions of CMN Resolution no. 3,954/1989 and its amendments.

With regard to assets under special regime, which disposal period exceeds one year, the percentage of 100% applies as a provision for losses with devaluation.

k. Permanent Asset

(i) Investments

When there is control or significant influence in the management, the investments are evaluated by the equity method. In the absence of significant control or influence, investments are recorded at acquisition cost.

Use of property, plant and equipment

It corresponds to rights that have as object corporeal goods intended for the maintenance of activities or exercised for that purpose, including those arising from operations that transfer risks, benefits and control of assets to the entity.

Items of property, plant and equipment are measured at historical cost of acquisition or construction, less 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 and communication system, 10%, and data processing system, 20%.

l. Impairment of assets - Impairment

Financial and non-financial assets are evaluated to verify if there is objective evidence that a 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 statement of income for the period if the carrying amount of the asset or cash-generating unit exceeds its recoverable value.

Annually, always at the same time, the Bank evaluates if there is indicative of devaluation of an asset.

If there is evidence of loss, the recoverable value of the asset is estimated and compared to the book value. The recoverable value refers to the higher of fair value less costs to sell and its value in use.

m. Contingent assets and liabilities

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

- **Contingent assets:** are not recognized, except when there is sufficient evidence to assure a high degree of reliability of realization, usually represented by the unappealable decision of the lawsuit and by the confirmation of the capacity of its recovery by receipt or compensation with another eligible liability.
- **Contingent liabilities (when applicable):** These arise basically from legal and administrative proceedings, inherent in the normal course of business, by third parties, former employees and public bodies, in civil, labor, tax and other risks actions. 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 security.

Contingencies are classified as: (a) probable, for which provisions are recorded; (b) possible, which are only disclosed without being provisioned; and (c) remote, which do not require provision and disclosure. The amounts of contingencies are quantified using models and criteria that allow them to be adequately measured, despite the uncertainty inherent in 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 present at the balance sheet date, considering the risks and uncertainties involved:

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

The provision for civil, tax and labor risks is recorded in the financial statements when based on the opinion of legal advisors and is considered probable the risk of loss of a judicial or administrative action, with a probable outflow of funds for the settlement of obligations and the amounts involved are measurable with sufficient security, being quantified at the time of judicial summons/notification and reviewed monthly, as follows:

- **Mass method:** processes related to causes considered similar and usual, which value is not considered relevant, according to statistical parameter. Civil provisions are performed based on the historical average ticket convictions in the last 24 months. We consider as basis of calculation the actions judged, and the historical value of the convictions. Thus, we design the average ticket for all actions in process that we consider the possibility of exit of resource, presuming a reliable estimate.
- The labor provision is made based on the liquidation of the orders deemed to have been considered as effective in the judgment.

Legal, tax and social security obligations derive from tax obligations under the legislation, which, regardless of the probability of success of legal proceedings, have their amounts fully recognized, when applicable, in the financial statements.

n. Taxes

Provisions for Income Tax, Social Contribution, PIS/PASEP and COFINS, constituted at the following rates, considered the calculation bases established in the legislation in force for each tax:

Taxes	Rates
Income tax	15%
Additional Income Tax	10%
Social Contribution on Profit - up to August 2015	15%
Social Contribution on Profit - as of September 2015	20%
PIS/PASEP	0.65%
COFINS	4%
ISS	Up to 5%

The deferred tax assets (deferred credits) and deferred tax liabilities are constituted by 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 observed.

The social contribution on profit was calculated up to 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% from January 2019.

Income and social contribution taxes comprise current and deferred income and social contribution taxes recognized in income.

(ii) **Expense of tax return and social contribution - current**

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 to be paid or received that reflects the uncertainties related to its determination, if any. It is measured based on the tax rates enacted at the balance sheet date.

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

(iii) **Expense of tax return and social contribution - deferred**

Deferred tax assets and liabilities are recognized with respect to temporary differences between the carrying amounts of assets and liabilities for the purpose of financial statements 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 expense. Deferred tax is not recognized for:

- Temporary differences that do not affect 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 the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

A deferred tax asset is recognized in respect of tax losses and unused deductible temporary differences to the extent that it is probable 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 probable.

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

The measurement of deferred tax assets and liabilities reflects the tax consequences of 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 stated at known or estimated amounts, plus, when applicable, the corresponding charges, adjusted to their present value.

The holidays, due and proportional, the allowances and clearances are fully provisioned monthly, including the applicable charges.

p. Subsequent events

Event subsequent to the period to which the financial statements refer is that event, favourable or unfavourable, that occurs between the end 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 events can be identified:

- Those evidencing conditions that already existed at the end date of the period to which the financial statements refer (subsequent event to the accounting period to which the financial statements refer and giving rise to adjustments).
- Those that are indicators of conditions that arose subsequent to the accounting period to which the financial statements refer (subsequent event to the accounting period to which the financial statements refer and do not cause adjustments).

q. Demonstration of Added Value (DVA).

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

r. Profit per share

The Bank's earnings per share is calculated by dividing net income attributable to shareholders by the number of total common and preferred shares.

s. Share-based payment

The fair value at the date of granting the share-based payment agreements granted to employees is recognized as expenses, with a corresponding increase in owners' equity, during the period in which employees unconditionally acquire the right to the premiums. The amount recognized as an expense is adjusted to reflect the number of premiums for which there is an expectation that service and performance conditions will be met in such a way that the final value recognized as an expense is based on the number of premiums that actually meet the conditions of service and performance on the vesting date.

4 Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cash Equivalents	9,310	55,192	9,400	55,193
Interfinancial applications* see Note 5	988,261	417,069	988,262	417,069
Total cash and cash equivalents	997,571	472,261	997,662	472,262

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

5 Interfinancial Applications

Interbank investments are made up as follows:

	Parent Company and Consolidated	
	06/30/2018	12/31/2017
Investments in the Open Market		
Position Bench	958,022	402,731
National Treasury Letters (LTN)	391,010	370,514
National Treasury Security (NTN)	567,012	31,001
On Credit Position		
Financial Treasury Letters (LFT)	-	1,216
Investments in Interfinancial Deposits	198,409	103,533
CDI - Banco Ficsa S.A.	-	5,163
CDI - Banco Fidis S.A.	-	5,191
CDI - ABC do Brasil S.A.	11,753	-
CDI - Banco Bonsucesso S.A.	5,364	5,198
CDI - Banco Itaú S.A.	13,276	12,419
CDI - Banco Safra S.A.	5,131	-
CDI - Banco BTG Pactual S.A.	60,484	-
CDI Rural - Banco BBM S.A.	2,006	-
CDI Rural - Banco Safra S.A.	95,377	65,153
CDI Rural - Bancoob	5,018	8,408
CDI Rural - Banco do Brasil S.A.	-	2,001
Total*	1,156,431	506,264
Current	1,156,431	503,040
Non-current	-	3,224

The maturity of the papers is shown below:

Title	Parent Company and Consolidated		
	06/30/2018		
	Up to 3 months	From 3 to 12 months	Total
Investments in CDI	108,700	89,709	198,409
National Treasury Letters (LTN)	391,010	-	391,010
National Treasury Security (NTN)	567,012	-	567,012
Total	1,066,722	89,709	1,156,431

Parent Company and Consolidated				
12/31/2017				
Title	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Total
Investments in CDI	15,554	84,755	3,224	103,533
Financial Treasury Letters (LFT)	-	1,216	-	1,216
	370,51			
National Treasury Letters (LTN)	4	-	-	370,514
National Treasury Security (NTN)	31,001	-	-	31,001
	417,06			
Total	9	85,971	3,224	506,264

On June 30, 2018, the balances of bank securities and the amount of interbank deposits with maturities of 90 days or less from the date of application, without expectation of significant change of value and redeemable at any time were considered as equivalent of cash, which totalled BRL 988,261 (2017: 417,069).

The balances of securities in funded position refer to investments with maturities of 24 months or less from the date of application, without expectation of a significant change of value and redeemable at any time.

Interbank income was as follows:

Parent Company and Consolidated				
	2º Quarter 2018	Accumulated 2018	2º Quarter 2017	Accumulated 2017
Position Bench	11,271	17,437	15,324	31,865
On Credit Position	177	260	-	-
Interfinancial Deposits	2,322	4,031	1,813	3,626
Total	13,770	21,728	17,137	35,491

6 Bonds and securities and derivative financial instruments

They are substantially represented by Federal Public Securities (LFTs) and also by the updated amounts of Securitization of Real Estate Credits, constituted by the assignment without co-obligation of the Bank's real estate credit portfolios.

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Own portfolio	331,049	291,595	332,907	292,086
Public Securities	237,757	230,329	237,802	230,329
Financial Treasury Bills	237,757	230,329	237,757	230,329
National Treasury Security	-	-	45	-
Private Securities	93,292	61,266	95,105	61,757
Certificates of real estate receivables	31,398	-	32,473	361
Certificates of agricultural receivables	-	-	29	130
Debentures	-	-	-	-
Real Estate Credit Letter	61,279	61,266	61,279	61,266
Financial letters	-	-	709	-

Quotas of investment funds	615	-	615	-
Linked to the provision of guarantees	17,608	21,217	17,608	21,217
Public Securities				
Financial Treasury Bills	17,608	21,217	17,608	21,217
Subtotal of marketable securities	348,657	312,812	350,515	313,303
Derivative financial instruments	-	4,089	-	4,089
Swaps	-	4,089	-	4,089
Total	348,657	316,901	350,515	317,392
Current	107,144	113,202	107,853	113,224
Non-current	241,513	203,699	242,662	204,168

On June 30, 2018, Banco Inter presented bonds with derivative financial instruments in the amount of BRL 1,895 (2017: receivables in the amount of BRL 4,089).

Bonds and securities can be presented as follows:

- Classification by type of securities and maturity

Parent Company								
06/30/2018								
	Up to 3 months	From 3 to 12 Months	From 1 to 3 Years	From 3 to 5 years	Above 5 years	Amount of market/ accounting	Cost of acquisition updated	Unrealized gains (losses)
Available for sale								
Financial Treasury Letters (LFT)	45,250	-	47,697	162,418	-	255,365	255,445	81
Financial Treasury Letters (LFT) Not related	-	615	-	-	-	615	615	-
Certificates of real estate receivables	-	-	31,398	-	-	31,398	31,398	-
Quotas of investment funds	61,279	-	-	-	-	61,279	61,880	-
Total	106,529	615	79,095	162,418	-	348,657	349,338	81
				Total current	107,144			
				Total non-current assets	241,513			

Parent Company								
12/31/2017								
	Up to 3 months	From 3 to 12 Months	From 1 to 3 years	From 3 to 5 years	Above 5 years	Amount of Above Market/ accounting	Cost of Market/ Acquisition Updated	Unrealized Acquisition Updated
Available for sale								
Financial Treasury Letters (LFT)	3,992	43,855	46,229	115,701	41,769	251,546	251,546	252,067
Quotas of investment funds	61,266	-	-	-	-	61,266	61,266	61,266
Total	65,258	43,855	46,229	115,701	41,769	312,812	312,812	313,333
				Total current	109,113			
				Total non-current assets	203,699			

Consolidated							
06/30/2018							
	Up to 3 months	From 3 to 12 Months	From 1 to 3 years	From 3 to 5 years	Amount of Above 5 years	Cost of Market/ accounting	Unrealized Acquisition Updated
Available for sale							
Financial Treasury Letters (LFT)	45,250	-	47,697	162,418	-	255,365	255,475
National Treasury Security (NTN)	-	-	-	-	45	45	45
Financial Treasury Letters (LFT) - Not related	-	615	-	-	-	615	615
Real Estate Credit Letter	709	-	-	-	-	709	709
Certificates of real estate receivables	-	-	32,472	1	-	32,473	32,473
Certificates of agricultural receivables	-	-	-	29	-	29	29
Quotas of investment funds	61,279	-	-	-	-	61,279	61,880
Total	107,238	615	80,169	162,448	45	350,515	351,226
				Total current	107,853		
				Total non-current assets	242,662		

Consolidated							
12/31/2017							
	Up to 3 months	From 3 to 12 Months	From 1 to 3 years	From 3 to 5 years	Amount of Above 5 years	Cost of market/ accounting	Cost of acquisition updated
Available for sale							
Financial Treasury Letters (LFT)	3,992	43,855	46,229	115,701	41,769	251,546	252,067
Certificates of real estate receivables	-	22	340	-	-	362	362
Certificates of agricultural receivables	-	-	129	-	-	129	129
Quotas of investment funds	61,266	-	-	-	-	61,266	61,266
Total	65,258	43,877	46,698	115,701	41,769	313,303	313,824
					Total current	109,135	
					Total non-current assets	204,168	

- The income from bonds and securities was:

Parent Company				
	2º quarter 2018	Accumulated 2018	2º quarter 2017	Accumulated 2017
Income from fixed income securities	4,638	9,023	6,393	13,408
Income from investments in investment funds	1,048	1,772	1,599	3,390
Hedge Operation	-	-	7,980	10,661
Total	5,686	10,795	15,972	27,459

	Consolidated			
	2º quarter 2018	Accumulated 2018	2º quarter 2017	Accumulated 2017
Income from fixed income securities	5,470	10,661	6,498	13,560
Income from investments in investment funds	1,048	1,772	1,599	3,390
Hedge Operation	-	-	7,980	10,661
Total	6,518	12,433	16,077	27,611

Such income is recorded under “Income from securities and derivative financial instruments”.

On June 30, 2018, Banco Inter presented an expense with hedge operation in the amount of BRL 8,603 (2017: income in the amount of BRL 10,661).

a. Financial instruments and derivatives

Banco Inter participates in operations involving derivative financial instruments, recorded in equity and compensation accounts, which are designed to meet its own needs to manage its global exposure. These operations involve swap futures derivatives, and the risk management policy is based on the use of derivative financial instruments with the main objective of mitigating the risks arising from the operations carried out by the Bank.

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 market prices, pricing models, discounted cash flow or similar techniques for which the fair value determination may require significant judgment or estimation by the Administration.

The Bank has part of its real estate credit portfolio indexed to the General Price Index (IGP-M) of the Getúlio Vargas Foundation and accounts for the majority of its LCI funding 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 carry out swap operations whose assets are invested in relation to the portion of its active and passive portfolios. Transactions with derivatives were agreed upon in which the Bank must pay the IGP-M plus coupon variation and receive a certain percentage of the variation of the DI on a given date.

These operations were carried out via B3 and have margin of guarantee and control by this Stock Exchange. On June 30, 2018, Banco Inter has two active swap agreements, each with Notional of fifty million Brazilian Reais (BRL 50,000), registered at B3 under numbers 60421338 and 60421339, maturing on November 5, 2018 and January 2nd, 2019, respectively. 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, on a determined date, with previously established conditions. The standardized swap transactions are recorded in B3 and have a margin deposit guarantee whose value can be adjusted at any time by it.

The derivative instrument was used for the purpose of hedging risks related to the mismatching of indexes between the asset and liability portfolios, specifically between interest rates and price index variations, and are recognized at fair value in the result of the financial year. The fair value is that which, according to market conditions, would be received by the assets and paid in the settlement of the liabilities, being calculated based on the rates practiced in stock exchange markets.

Interbank swap operations are classified as Hedge Accounting (“Fair Value Hedge”), as protection of the exposure to changes in the fair value of a recognized asset, or of an identified part of such asset attributable to a particular risk that may affect the result.

The hedge instrument was used to hedge the risks related to the mismatch of indexes between the asset and liability portfolios, specifically between interest rates and price index variations, and are recognized at fair value in result of the semester. The fair value is that which, according to market conditions, would be received by the assets and paid in the settlement of the liabilities, being calculated based on the rates practiced in stock exchange markets.

The agreements of the real estate credit portfolio, protected by the above detailed instruments, for which the spread are discounted, hedging only the specific risk of the portfolio are the purpose of hedge operations.

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

Parent Company and Consolidated						
06/30/2018						
Reference Value	Cost Value		Market Value		Gain (loss) hedge transaction (*)	
	Bank	Counterpart	Bank	Counterpart		
CDI x IGP-M						
60421338	50,000	62,048	62,169	62,048	62,881	833
60421339	50,000	62,048	62,204	62,048	63,109	1,061
Total	100,000	124,096	124,373	124,096	125,990	1,894

Parent Company and Consolidated						
12/31/2017						
Reference Value	Cost Value		Market Value		Gain (loss) hedge transaction (*)	
	Bank	Counterpart	Bank	Counterpart		
CDI x IGP-M						
60421337	50,000	60,179	57,693	60,179	58,871	1,308
60421338	50,000	60,179	57,317	60,179	58,573	1,606
60421339	50,000	60,179	57,298	60,179	59,004	1,175
Total	150,000	180,537	172,308	180,537	176,448	4,089

(*) the amounts are classified as current assets.

In the period ended on June 30, 2018, the expense of BRL 8,603 with derivative operations is presented in the caption "Operations with derivatives" (2017: "Result with bonds and securities and derivative financial instruments" with revenue of BRL 10,661). Of this total, BRL 1,894 (2017: BRL 4,089) refers to the gain on the hedge transaction and BRL 10,497 from loss in the market value of hedged transactions (2017: gain of BRL 2,595).

(ii) Types of margin offered as collateral for derivative financial instruments represented, basically, by future agreements

The guarantees for derivative financial instruments, represented by future contracts, were Financial Treasury Bills, in the amount of BRL 17,608 (2017: BRL 21,217).

7 Credit operations and allowance for credit operations losses

The Central Bank of Brazil, through CMN Resolution No. 2,682/1999, introduced criteria for the classification of credit rights arising from credit operations, defining rules that came into effect as from March 2000, for the constitution of a provision for doubtful debts and for the disclosure of data relating to the portfolio, namely:

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

Credit operations	06/30/2018	% portfolio	12/31/2017	% portfolio
Legal entity	159,224	5.53%	174,255	6.70%
Corporate loans with real estate guarantee	279,876	9.72%	189,745	7.29%
Real estate financing	930,450	32.33%	873,672	33.58%
Individual loans with real estate guarantee	469,812	16.32%	456,978	17.56%
Individual	859,816	29.87%	792,911	30.48%
Adjustment of hedged loan operations	1,189	0.04%	8,682	0.34%
Subtotal of credit operations	2,700,367		2,496,243	
Total current	745,739		659,212	
Total non-current assets	1,954,629		1,837,031	
Other credits with credit granting characteristics				
Other credits with credit granting characteristics - Current (Note 8)	168,352	5.85%	94,205	3.62%
Other credits with credit granting characteristics - Non-Current (Note 8)	9,434	0.33%	11,279	0.43%
Subtotal of credit operations and other credits with credit granting characteristics	177,786		105,484	
Subtotal of credit operations and other credits with credit granting characteristics	2,878,153	100%	2,601,727	100%
(-) Provision for doubtful liquidation credits (current)	(26,122)		(82,302)	
(-) Allowance for doubtful accounts (non-current)	(52,975)		-	
Total (-) Provision for doubtful liquidation credits	(79,097)		(82,302)	
(-) Provision for losses on other receivables with credit granting characteristics (current) (Note 8)	(2,497)		(2,910)	
(-) Provision for losses on other receivables with credit granting characteristics (non-current) (Note 8)	(463)		-	
Total (-) Provisions for losses on other credits	(2,960)		(2,910)	
Total (-) Provisions for doubtful liquidation credits	(82,057)		(85,212)	
Total	2,796,096		2,516,515	

b. Maturity and allocation of credits

Credits	06/30/2018				
	Installments due as of 15 days	Maturing installments			Total
		To 90 days	From 91 to 360 days	Above 360 days	
Private sector					
Legal entity	4,165	62,544	54,143	38,372	159,224
Loan Real estate guarantee for legal entities	2,003	17,673	47,664	212,536	279,876
Funding Furniture	9,462	28,020	69,802	823,166	930,450
Loan Real estate guarantee for individuals	8,208	16,937	42,887	401,780	469,812
Individuals	31,613	163,517	185,911	478,775	859,816
Adjustment Hedged Loan Operation	-	1,189	-	-	1,189
Total of credit operation	55,451	289,880	400,407	1,954,629	2,700,367

	Installments due	To 90 days	From 91 to 360 days	Above 360 days	Total
Other credits with credit granting characteristics	240	29,071	4,541	9,434	43,286
Credit card - purchase on demand and on instalment to merchant	-	134,500	-	-	134,500
Total other credits with credit operating characteristic	240	163,571	4,541	9,434	177,786
Total of credit operation	55,691	453,451	404,948	1,964,063	2,878,153

12/31/2017

Credits	Installments due as of 15 days	Maturing installments			Total
		To 90 days	From 91 to 360 days	Above 360 days	
Private sector					
Legal entity	8,032	63,574	52,396	50,253	174,255
Loan Real estate guarantee for legal entities	2,167	11,616	32,426	143,536	189,745
Real Estate Loan	9,294	28,249	63,456	772,673	873,672
Loan Real estate guarantee for individuals	7,685	17,178	40,093	392,022	456,978
Individuals	22,096	162,100	179,442	429,273	792,911
Adjustment Hedged Loan Operation	-	8,682	-	-	8,682
Total	49,274	291,399	367,813	1,787,757	2,496,243

	Installments due as of 15 days	To 90 days	From 91 to 360 days	Above 360 days	Total
Other credits with credit granting characteristics	1,291	23,297	8,196	11,279	44,063
Credit card - purchase on demand and on instalment to merchant	-	61,421	-	-	61,421
Total other credits with credit operating characteristic	1,291	84,718	8,196	11,279	105,484
Total of credit operation	50,565	376,117	376,009	1,799,036	2,601,727

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

	Minimum percentage of provision	06/30/2018		12/31/2017	
		Amount of portfolio	Provision	Amount of portfolio	Provision
AA		410,799	-	384,283	-
A	0.50%	2,087,826	(10,439)	1,842,447	(9,212)
B	1.00%	157,798	(1,579)	151,926	(1,519)
C	3.00%	92,479	(2,774)	91,794	(2,754)
D	10.00%	39,932	(3,994)	31,997	(3,200)
E	30.00%	19,240	(5,772)	26,867	(8,060)
F	50.00%	19,220	(9,610)	16,706	(8,353)
G	70.00%	9,899	(6,929)	11,974	(8,382)
H	100.00%	40,960	(40,960)	43,733	(43,732)
Total		2,878,153	(82,057)	2,601,727	(85,212)

c.1 Composition of PCLD by economic activity

	06/30/2018	12/31/2017
Legal entity	(5,152)	(9,049)

Corporate loans with real estate guarantee	(1,841)	-
Real estate financing	(24,250)	(25,690)
Individual loans with real estate guarantee	(15,298)	(17,348)
Individual	(32,556)	(30,215)
Other Credits	(2,960)	(2,910)
Total	(82,057)	(85,212)

Credit operations consist essentially of active working capital operations, guaranteed by receivables, and by personal credit operations, backed by check guarantees or payroll and real estate credits.

During the semester ended June 30, 2018, the total amount of credits recovered was BRL 15,943 (June 30, 2017: BRL 11,548), the amount of renegotiated credits was BRL 2,708 (June 30, 2017: BRL 1.873) and credits written off as loss was BRL 31,936 (June 30, 2017: BRL 45,704)

d. Changes in Allowance for Doubtful Liquidity Accounts

	Parent Company and Consolidated	
	06/30/2018	12/31/2017
Initial Balance	(85,212)	(114,294)
Provision made	(34,695)	(74,442)
Reversal of provision	5,914	23,769
Withdrawals for loss	31,936	79,755
Final Balance	(82,057)	(85,212)
(-) Allowance for doubtful accounts (Note 8a)	(79,097)	(82,302)
(-) Provision for losses on other receivables with credit granting characteristics (Note 9)	(2,960)	(2,910)

e. PCLD expenses net of recoveries

	Parent Company and Consolidated			
	2º quarter 2018	Accumulated 2018	2º quarter 2017	Accumulated 2017
Provision made	(12,864)	(34,695)	(15,282)	(39,834)
Reversal of provision	163	5,914	318	9,410
PCLD expenses net of recoveries	(12,701)	(28,781)	(14,964)	(30,424)

f. Income from credit operations

	Parent Company and Consolidated			
	2º quarter 2018	Accumulated 2018	2º quarter 2017	Accumulated 2017
Legal entity	20,915	39,351	16,324	31,693
Real estate financing	34,137	68,992	22,059	51,124
Real Estate Loans	23,503	46,933	19,696	39,571

Individual	49,499	96,898	48,250	100,346
Gross income from credit operations	128,054	252,174	106,329	222,734
Recovery of withdrew credits	11,306	15,943	7,963	11,548
(-) Expenses for commissions paid	(7,607)	(13,968)	(4,683)	(9,156)
Total	131,753	254,149	109,609	225,126

8 Other credits

They comprise balances of various debtors, as well as tax credits on temporary differences.

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Foreign Exchange Portfolio	1,277	1,738	1,277	1,738
Advance to third parties	1,896	1,815	2,142	1,919
Income tax to be offset	8,927	-	9,070	227
Other debtors (a)	57,649	34,911	59,176	34,937
Tax credits (d)	26,258	31,874	26,623	32,372
Checks receivable	577	-	577	-
Bonuses receivable	5,271	-	5,271	-
Amounts receivable relating to payment transactions	134,500	61,421	134,500	61,421
Other credits with credit granting characteristics (Note 7) (b)	33,852	31,493	33,852	31,493
(-) Provision for other credits (Note 7)	(2,497)	(2,910)	(2,497)	(2,910)
Total current	267,710	160,342	269,991	161,196
Tax credits (d)	10,562	2,669	10,562	2,669
Security Deposit (c)	1,007	893	1,007	893
Other credits with credit granting characteristics (Note 7) (b)	9,434	12,570	9,434	12,570
(-) Provision for other credits (Note 7)	(463)	-	(463)	-
Total non-current assets	20,540	16,132	20,540	16,132

- (a) Refers to prepayments of credit operations in the amount of BRL 48,667 (2017: R\$ 31.516), repurchase of credit operations in the amount of BRL 3,818 (2017: R\$ 205) and other amounts BRL 5,164 (2017: R\$ 3.192).
- (b) Refer to agreements with real estate credit operations and legal entities.
- (c) The balances of escrow deposits relate to judicial deposits corresponding to: i) judicial challenge to the extinction of the monetary restatement of the balance sheet, in accordance with Law 9,249/1995, resulting from the full (deduction) recovery of the balance of monetary restatement in the financial year of 1996 in the determination of IRPJ and CSLL in the amount of BRL 879 (2017: R\$853); and ii) amounts blocked by the judicial system of the Central Bank (BACEN JUD) in current accounts maintained in Financial Institutions of BRL 129 (2017: R\$ 39).
- (d) The tax credits payable in 2018 are due to temporary differences related to provisions on loan operations, which deductibility occurs after 180 days from the maturity date of operations. The totality of these credits is paid-up until 2019.

In addition, the credits related to temporary differences arising from civil and labor provisions on operations scheduled for 2018 are recognized.

The present value of tax credits, calculated based on the average rate of Interbank Deposits estimated for corresponding terms (CDI of 7.12% per annum), is discounted from BRL 18,652, thus calculating the amount to be realized of BRL 63,983 on June 30, 2018.

Parent Company			
06/30/2018			
	Income tax - Legal Entity	Social Contribution on profit	Balance of tax credits
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	56,228	56,228	25,303
Provision under civil actions	2,805	2,805	1,262
Provision under labor lawsuits	12,617	12,617	5,678
Provision of property not of own use	277	277	124
Hedge operations	2,067	2,067	930
Tax loss	7,829	7,829	3,523
Calculation basis	81,823	81,823	
Rate	25%	20%	
Current Deferred Tax Credit	20,455	16,365	36,820
Tax credits on December 31, 2017	76,763	76,763	34,543
Constitution in the semester	32,948	32,948	14,827
Value paid-up in the semester	(27,888)	(27,888)	(12,550)
Tax balances on June 30, 2018	81,823	81,823	36,820
		Current	26,258
		Non-current	10,562

Parent Company			
12/31/2017			
	Income tax - Legal Entity	Social Contribution on profit	Balance of tax credits
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	58,313	58,313	26,240
Provision under civil actions	9,954	9,954	4,479
Provision under labor lawsuits	2,935	2,935	1,321
Provision of property not of own use	277	277	125
Tax loss	5,284	5,284	2,378
Calculation basis	76,763	76,763	34,543
Rate	25%	20%	
Current Deferred Tax Credit	19,191	15,352	34,543
Tax credits on December 31, 2016	86,677	86,677	39,005
Constitution in the semester	28,073	28,073	12,632
Value paid-up in the semester	(37,987)	(37,987)	(17,094)
Tax balances on December 31, 2017	76,763	76,763	34,543
		Current	31,874
		Non-current	2,669

Consolidated			
06/30/2018			
	Income tax - Legal Entity	Social Contribution on profit	Balance of tax credits
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	56,228	56,228	25,303
Provision under civil actions	2,805	2,805	1,262
Provision under labor lawsuits	12,617	12,617	5,678
Provision of property not of own use	277	277	124
Provision for other credits	2,067	2,067	930
Tax loss	8,641	8,641	3,888
Calculation basis	82,635	82,635	
Rate	25%	20%	
Current Deferred Tax Credit	20,658	16,527	37,185
Tax credits on December 31, 2017	77,575	77,575	34,908
Constitution in the semester	32,948	32,948	14,827
Value paid-up in the semester	(27,888)	(27,888)	(12,550)
Tax balances on June 30, 2018	82,635	82,635	37,185
		Current	26,623
		Non-current	10,562

Consolidated			
12/31/2017			
	Income tax - Legal Entity	Social Contribution on profit	Balance of tax credits
Deferral Basis Items			
Temporary differences:			
Provision for doubtful liquidation credits	58,313	58,313	26,240
Provision under civil actions	9,954	9,954	4,479
Provision under labor lawsuits	2,935	2,935	1,321
Provision of property not of own use	277	277	125
Tax loss	6,390	6,390	2,876
Calculation basis	77,869	77,869	35,041
Rate	25%	20%	
Current Deferred Tax Credit	19,467	15,574	35,041
Tax credits on December 31, 2016	86,677	86,677	39,005
Constitution in the semester	28,073	28,073	13,130
Value paid-up in the semester	(37,987)	(37,987)	(17,094)
Tax balances on 30 December 2017	76,763	76,763	35,041
		Current	32,372
		Non-current	2,669

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

Parent Company							
06/30/2018							
Term	Deferred credits		TAX REVENUE		CSLL		
	Credit value	Current value	Credit value	Current value	Credit value	Current value	
2018	40,304	39,438	10,075	9,859	8,061	7,888	
2019	41,519	23,760	10,380	5,940	8,304	4,752	
Total current	58,350	56,689	14,588	14,172	11,670	11,338	
Total non-current assets	23,473	6,509	5,867	1,627	4,695	1,302	
Overall	81,823	63,198	20,455	15,799	16,365	12,640	

Term	Parent Company						
	12/31/2017						
	Deferred credits		TAX REVENUE		CSLL		
	Base value	Current value	Credit value	Current value	Credit value	Current value	
2018		70,832	55,534	17,708	13,884	14,166	11,107
2019		5,931	5,931	1,483	1,483	1,186	1,186
Total current		70,832	55,534	17,708	13,884	14,166	11,107
Total non-current assets		5,931	5,931	1,483	1,483	1,186	1,186
Overall		76,763	61,465	19,191	15,367	15,352	12,293

Term	Consolidated						
	06/30/2018						
	Deferred credits		TAX REVENUE		CSLL		
	Credit value	Current value	Credit value	Current value	Credit value	Current value	
2018		41,116	40,223	10,278	10,056	8,223	8,045
2019		41,519	23,760	10,380	5,940	8,304	4,752
Total current		59,162	57,474	14,791	14,369	11,832	11,495
Total non-current assets		23,473	6,509	5,867	1,627	4,695	1,302
Overall		82,635	63,983	20,658	15,996	16,527	12,797

Term	Consolidated						
	12/31/2017						
	Deferred credits		TAX REVENUE		CSLL		
	Credit value	Current value	Credit value	Current value	Credit value	Current value	
2018		71,938	55,534	17,984	13,884	14,388	11,108
2019		5,931	5,931	1,483	1,483	1,186	1,186
Total current		71,938	55,534	17,985	13,884	14,388	11,107
Total non-current assets		5,931	5,931	1,482	1,483	1,186	1,187
Overall		77,869	61,465	19,467	15,367	15,574	12,294

The expected pay-up of the tax credits constituted is supported by a study of the realization of the tax credit prepared for the year 2018.

9 Other values and assets

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Provision of property not of own use (a)				
Goods not of own use	87,526	69,514	87,526	69,514
Goods in special regime	2,038	2,599	2,038	2,599
Material stock	671	35	671	35
Provision for devaluation	(277)	(277)	(277)	(277)
	<u>89,958</u>	<u>71,871</u>	<u>89,958</u>	<u>71,871</u>
Anticipated expenses (b)				
Corresponding anticipated expenses	15,205	20,326	15,205	20,326
Negative goodwill on placement of securities	1,065	1,588	1,065	1,588
Other advanced expenses	14,455	4,991	14,462	5,017
	<u>30,725</u>	<u>26,905</u>	<u>30,732</u>	<u>26,931</u>
Total	<u>120,683</u>	<u>98,766</u>	<u>120,690</u>	<u>98,802</u>
Current	59,655	14,943	59,662	14,969
Non-current	61,028	83,833	61,028	83,833

- (a) Property not used for own use refers to real estate received as payment of loans. The provision for devaluation of these properties is constituted based on an estimate made by Management.
- (b) The expenses with commissions paid to the correspondents until December 2014 are being deferred according to the term of receipt of the agreements signed with the respective clients, which are classified until the future realization of the rents pertinent to said contracts, when they will be appropriated to the result. Commissions paid as of 2015 are appropriated to income in accordance with the provisions of CMN Resolution 4,294/2013.

10 Investments

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

Subsidiaries	Note	Corporate Capital	Owners' Equity	Shareholding	Accounting value		Result of Equivalence	
					06/30/2018	12/31/2017	06/30/2018	06/30/2017
Intermedium promotora de vendas Ltda.	(a)	30	327	99.96%	-	-	-	80
Interdigital Corretora e Consultoria de Seguros Ltda.	(a)	100	5,465	84%	4,591	2,562	477	456
Inter DTVM Ltda.	(a)	2,000	2,116	93%	1,968	1,487	3,902	(131)
Total					<u>6,559</u>	<u>4,049</u>	<u>4,379</u>	<u>405</u>
Others Investments	(b)				1,105	1,105	-	-
Overall Investment					<u>7,664</u>	<u>5,154</u>	<u>4,379</u>	<u>405</u>

a. Investments evaluated by the equity equivalence method:

The adjustments arising from the equity method of investments were recorded in the income statement under the caption "Equity in earnings of subsidiaries".

b. Others Investments

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

11 Deposits and funds from acceptance and issue of securities

a. Deposits

	Parent Company					12/31/2017
	06/30/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total	
Demand deposits	353,223	-	-	-	353,223	231,377
Interfinancial Deposits	1,182	-	-	-	1,182	2,000
Time Deposits	9,352	168,272	293,418	992,225	1,463,267	1,330,763
Other deposits	9,459	-	-	-	9,459	-
Overall	373,216	168,272	293,418	992,225	1,827,131	1,564,140
Total current					834,906	633,261
Total non-current assets					992,225	930,879
	Consolidated					12/31/2017
	06/30/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total	
Demand deposits	352,026	-	-	-	352,026	231,377
Interfinancial Deposits	-	-	-	-	-	2,000
Time Deposits	9,352	168,272	293,418	986,753	1,457,795	1,330,763
Other deposits	9,459	-	-	-	9,459	-
Overall	370,837	168,272	293,418	986,753	1,819,280	1,564,140
Total current					832,527	625,594
Total non-current assets					986,753	930,879

b. Funds from acceptances and issuance of bonds

	Parent Company					12/31/2017
	06/30/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total	
Real Estate Credit Letters	150,798	488,687	303,630	535,631	1,478,746	1,372,012
Agricultural credit letters	-	20,431	-	-	20,431	27,264
Financial letters	-	-	1,815	10,170	11,985	1,754
Overall	150,798	509,118	305,445	545,801	1,511,162	1,401,030
Total current					965,361	812,571
Total non-current assets					545,801	588,459

	Consolidated					12/31/2017
	06/30/2018					
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total	
Real Estate Credit Letters	150,798	488,687	303,630	535,631	1,478,408	1,372,012
Agricultural credit letters	-	20,431	-	-	20,431	27,234
Financial letters	-	-	1,815	10,170	11,985	1,754
Overall	150,798	509,118	305,445	545,801	1,511,162	1,401,000
Total current					965,361	812,541
Total non-current assets					545,801	588,459

The fund-raising of DPGE amounts to BRL 14,482 (2017: BRL 63,627) and are remunerated at the average rate of 102% of CDI (2017: 104%), The other time deposits have an average rate of return of 98.2% of the CDI (2017: 98.4%).

c. Expenses with market funding

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Funding Expenses				
Interfinancial Deposits	(93)	(137)	(30)	(263)
Time Deposits	(24,594)	(49,896)	(42,012)	(89,978)
Real Estate Credit Letters	(26,332)	(52,985)	(29,004)	(63,651)
Agricultural credit letters	(226)	(532)	(384)	(502)
Total	(51,245)	(103,550)	(71,430)	(154,394)
Expenses with liabilities for operations				
Financial letters	(151)	(275)	(553)	(769)
Total	(151)	(275)	(553)	(769)
Total market funding expenses	(51,396)	(103,825)	(71,983)	(155,163)

	Consolidated			
	2º Quarter 2018	Acumulated 2018	2º Quarter 2017	Acumulated 2017
Funding Expenses				
Interfinancial Deposits	(93)	(137)	(30)	(264)
Time Deposits	(24,467)	(49,703)	(41,952)	(89,865)
Real Estate Credit Letters	(26,332)	(52,985)	(29,004)	(63,651)
Agricultural credit letters	(226)	(532)	(385)	(501)
Total	(51,118)	(103,357)	(71,371)	(154,281)
Expenses with liabilities for operations				
Financial letters	(151)	(275)	(553)	(769)
Total	(151)	(275)	(553)	(769)
Total market funding expenses	(51,269)	(103,632)	(71,924)	(155,050)

12 Borrowings and on lending obligations

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

	Parent Company and Consolidated				
	06/30/2018				
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Loans and on lending	207	567	681	31,882	33,337
Overall	207	567	681	31,882	33,337
Total current					1,455
Total non-current assets					31,882
	12/31/2017				
	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Loans and on lending	97	581	698	33,442	34,818
Overall	97	581	698	33,442	34,818
Total current					1,376
Total non-current assets					33,442

13 Other liabilities

	Parent Company		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assignments payable and miscellaneous payments (a)	7,897	6,359	7,897	6,359
Creditors for resources to be released (c)	59,471	38,962	62,353	41,357
Tax due	-	-	1,042	2,517
Foreign Exchange Operations	15,805	7,224	16,429	7,224
Provision for income and social contribution taxes	3,385	2,984	3,385	2,983
Provision for dividends (Note 16d)	40,494	56,288	40,494	56,288
Provision for contingencies (b)	63,981	61,421	63,981	61,421
Shopkeeper instalment	100	-	112	-
Other liabilities	16,301	13,741	16,301	12,900
Total	207,434	186,979	211,994	191,049
Current	187,467	172,228	192,027	176,298
Non-current	19,967	14,751	19,967	14,751

- (a) These amounts are represented mainly by funds to be released in the amount of BRL 6,811 (2017: BRL 3,123), administrative check, in the amount of BRL 137 (2017: 5,638) and "Others", in the amount of BRL 11,805 (2017: BRL 7,419), represented by suppliers, provisions for personnel expenses and provisions for taxes to be collected.
- (b) Provision for contingencies related to various civil and labor lawsuits in the amount of BRL 15,422 (2017: BRL 12,889), as disclosed in the Explanatory Note no. 17, comprises the provisioning of the effects of the legal challenge of the extinction of the monetary restatement of balance sheet, in accordance with Law 9,249/1995, resulting from the full (deduction) of the balance of the monetary restatement in 1996 in the calculation of IRPJ and CSLL, in the amount of BRL 879 (2017: BRL 853); which judicial deposit in the same amount is recorded in long-term assets (Explanatory Note no. 8) and
- (c) The balance of creditors for funds to be released is represented by amounts to be released to the clients related to real estate credit operations pending the registration of the property.

14 Transactions with related parties

	Average time	Average rate	06/30/2018		12/31/2017		06/30/2017	
			Liabilities	Expenses	Liabilities	Expenses	Liabilities	Expenses
Parent Company (a)								
Funding (deposits and letters)	6 to 36 months	92 to 104% CDI	(62,896)	(2,538)	(90,682)		(2,348)	
Subsidiaries (b)								
Funding (deposits and letters)	1 to 61 months	102 a 104% CDI	(32,369)	(1,905)	(6,674)		(1,103)	
Key Management Personnel (c)								
Funding (deposits and letters)	12 to 61 months	94 to 105% CDI	(5,961)	(276)	(3,336)		(557)	
Other Related Parties (d)								
Related individuals and legal entities	3 to 61 months	90 to 110% CDI	(266,564)	(9,040)	(227,630)		(12,867)	
BZS Securitization Company Quotas			-	-	-		(662)	

- (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 post-fixed 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.

All transactions between the Bank, its subsidiaries and related parties are carried out at prices, terms and rates compatible with those practiced by the market, in force on the dates of operations.

Under current legislation, the Bank and its subsidiaries may not grant credit operations to:

- Directors and members of advisory or administrative, fiscal and similar councils, as well as their respective spouses and relatives up to the second degree;
- Individuals or legal entities that participate in their capital, with more than 10%;
- Legal entities that participate, with more than 10%, of the Bank and its subsidiaries, any directors or administrators of the Group, as well as their spouses and respective relatives up to the second degree.

Accordingly, the Bank and its subsidiaries do not make loans or advances to any subsidiary, members of the Board of Directors or the Executive Board and their families.

a. Remuneration of the Directors of the Bank

The remuneration 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 officers. Further information on the plan is detailed in note 24.

The remuneration of the Directors of Banco Inter S.A for the period ended June 30, 2018 is approximately BRL 4,865 (June 30, 2017: BRL 4,840) *ad referendum* to the Ordinary Shareholders' Meeting.

As shown in Explanatory Note 16 (d), of the income for the period ended June 30, 2018, interest on owners' equity was proposed in the amount of BRL 18,335 (2017: BRL 12,309).

15 Tax return and social contribution

The Bank recorded provisions temporarily non-deductible in the approximate amount of BRL 56,228 (2017: BRL 58,313), on which deferred income tax and social contribution credits were constituted, the amount of which at June 30, 2018 amounted to BRL 25,303 (2017: BRL 26.240).

In addition, the Bank maintains calculation bases for tax credits related to: provision for moral damages, in the amount of BRL 12,618 (2017: BRL 9,954); labor provisions, in the amount of BRL 2,805 (2017: BRL 2,935); provision for depreciation of assets not for own use, in the amount of BRL 277 (2017: BRL 277) and related to tax loss, in the amount of BRL 7,829 (BRL 15,838). The total of these tax credits is BRL 11,518 (2017: BRL 8,302).

Management, based on CMN Resolution no. 3,059/2002, understands that sufficient results will be produced for the absorption of such credit, as detailed in Explanatory Note 8 (d).

	Parent Company			
	06/30/2018		06/30/2017	
	Tax of income	Contribution capital	Tax of income	Contribution capital
Profit before income tax and social contribution	39,416	39,416	18,978	18,978
Net additions (exclusions):				
Interests on Own Capital	(18,334)	(18,334)	(12,309)	(12,309)
Equity Equivalence	(4,379)	(4,379)	(405)	(405)
PCLD, net	(1,899)	(1,899)	(23,689)	(23,689)
Cost of issuance of shares	(30,364)	(30,364)		
Others, net	13,016	13,016	1,587	1,587
Calculation basis	(2,544)	(2,544)	(15,838)	(15,838)
Effective rate (15% IR and 20% CSLL)	-	-	-	-
Additional rate (10% IR)	-	-	-	-
Deferred IRPJ and CSLL	(6,326)	(5,061)	1,728	1,383
Total	(6,326)	(5,061)	1,728	1,383

Expense of tax return and social contribution	(11,387)	3,111
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	Consolidated			
	06/30/2018		06/30/2017	
	Tax of income	Contribution capital	Tax of income	Contribution Social
Actual Income Calculation				
Profit before income tax and social contribution	40,397	40,397	18,302	18,302
Net additions (exclusions):				
Interests on Own Capital	(18,334)	(18,334)	(12,309)	(12,309)
Equity Equivalence	(4,379)	(4,379)	(405)	(405)
PCLD, net	(1,899)	(1,899)	(23,689)	(23,689)
Tax loss	(295)	(295)	-	-
Cost of issuance of shares	(30,364)	(30,364)	-	-
Others, net	13,016	13,016	1,587	1,587
Calculation basis	(1,858)	(1,858)	(16,514)	(16,514)
Estimated Profit Calculation				
Revenue from services	9,024	9,024	4,805	4,805
Presumed profit (32%)	2,888	2,888	1,538	1,538
Other revenues	162	162	97	97
Basis of calculation of Estimated Profit	3,050	3,050	1,635	1,635
Effective rate (15% IR and 20% CSLL)	(561)	-	-	-
Additional rate (10% IR)	(351)	-	(158)	-
Actual tax rate presumed profit (15% IR and 9% CSLL)	-	(412)	(240)	(147)
Deferred IRPJ and CSLL	(6,400)	(5,120)	1,792	1,433
Total	(7,312)	(5,532)	1,394	1,286
Expense of tax return and social contribution		(12,844)		2,680

There was no provision for income tax and social contribution for the period ended June 30, 2018 (2017: there was none).

16 Owners' Equity

a. Corporate Capital

On March 12, 2018, the Ordinary, Extraordinary and Special Preferential Shareholders' Meeting approved the split of the shares comprising the capital stock of the Bank in the ratio of six (6) shares in substitution to each one (1) share, in such existent date, respecting the respective classes. After the split, it was also approved the conversion of 11,520,186 preferred shares into 11,520,186 common shares, as well as the conversion of 1,300,254 common shares into 1,300,254 preferred shares.

On April 26, 2018, the Board of Directors approved an increase in the Bank's capital stock, within the limit of its authorized capital, in the amount of BRL 541,463, through the issuance as a result of the primary offer of 29,268,294 preferred shares, all nominative, book-entry shares with no par value.

On April 30, 2018, Banco Inter concluded its Public Offering of Primary and Secondary Distribution of Preferred Shares. The Bank's shares were offered at B3 S.A. - Brazil, Bolsa, Balcão, for a price of BRL 18.50 per share. A total of BRL 656,319 was raised, of which BRL 541,463 was allocated to Banco Inter for the primary issuance of shares, with net cash

generation of commissions, fees and taxes, in the amount of BRL 511,099. The costs of issuing shares totalled BRL 16,700, net of tax effects.

The offer consisted of the primary distribution of 29,268,294 new preferred shares issued by the Bank and the secondary distribution of 6,208,426 preferred shares issued by the Bank and held by the Selling Shareholders. The settlement of the offer occurred on May 3rd, 2018 upon the delivery of Units to investors, being dismembered in preferred shares on May 11, 2018.

On June 26, 2018, the Board of Directors approved the proposal of the Executive Board to increase capital by up to BRL 10,090 through the issue of up to 844,468 new shares, up to 425,094 common shares and up to 419,374 preferred shares, and the eligible shareholders should exercise their pre-emptive rights in the subscription of new shares in the period from July 5, 2018 (inclusive) to August 6, 2018 (inclusive) ("Subscription Period").

On June 30, 2018, the fully subscribed and paid-in capital is composed of 100,126,630 registered shares, of which 50,341,992 are common shares and 49,784,638 are preferred shares, all without par value.

b. Legal reserve

It is constituted on a 5% basis on the net income calculated, limited to 20% of the capital stock.

c. Profit retention reserve

In previous semesters, after the constitution of the Legal Reserve, the Bank's Management decided to allocate the remaining balance of profits to the constitution of a Profit Retention Reserve.

d. Dividends and interest on capital

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

The allocations of the results for the periods ended June 30, 2018 and 2017 are presented below:

Designation of Result	06/30/2018	06/30/2017
Net Profit	28,029	22,089
Legal reserve	1,401	1,105
JSCP paid and provisioned	18,335	12,309
Statutory reserve	8,293	8,675

On June 26, 2018, the Board of Directors approved the Executive Board's proposal for the declaration and payment of JSCP in the gross amount of BRL 11,870. On June 30, 2018, the balance accrued as Interest on Own Capital was the amount of BRL 18,335 (June 30, 2017: BRL 12,309).

	06/30/2018		12/31/2017	
	Amount provisioned	Value per share	Amount provisioned	Value per share
Interest on equity paid in the semester	7,224	0.10	24,618	0.34
Tax Interest on owners' equity payable	18,335	0.23	10,917	0.15
Tax Interest on owners' equity payable	(2,529)	(0.03)	(3,693)	(0.05)

Interest on net owners' equity payable	15,805	0.20	7,224	0.10
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e. Treasury shares

On March 31, 2018, the Bank's management opted to repurchase 1,260 shares, totalling 650,100 preferred shares held in treasury.

On April 2nd, 2018, the extraordinary shareholders' meeting and special shareholders' meeting approved the cancellation of 530,000 registered preferred shares held in treasury by the Bank, without reducing the capital stock.

On June 30, 2018, the Bank holds 120,100 registered preferred shares in treasury. The balance of these shares as of June 30, 2018 is BRL 432 (2017: BRL 2,284).

f. Asset Valuation Adjustment

O The balance of the equity valuation adjustment is BRL 85 (2017: BRL 166) and corresponds to federal public securities available for sale and quotas of investment funds, which are marked to market.

g. Profit per share

	<u>Parent Company and Consolidated</u>	
	06/30/2018	06/30/2017
Net income attributable to shareholders (in thousands of BRL)	28,029	22,089
Average number of shares	80,497	71,388
Profit per share - basic (in BRL)	0.35	0.31
Profit per share - diluted (in BRL)	0.34	0.31

For comparability purposes, the average number of shares and earnings per share calculation presented previously were changed in the ratio of 6 shares to 1 share to demonstrate the stock split occurred in 2018.

17 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 control of the Bank.

b. Provisions classified as probable 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 actions, the similarity with previous proceedings, the complexity and the position of the courts, whenever the loss is assessed as probable.

Management understands that the provision recorded is sufficient to cover losses arising from the respective lawsuits. There is provision for contingencies related to various civil, labor and tax lawsuits in the amount of BRL 14,778 (2017: BRL 13,741), recorded under "Other obligations", as disclosed in Explanatory Note no. 13 (c). See the movement of the balances in item "b.1".

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

b.1 Changes in provisions and classification by nature

Nature	Labor	Civil	Tax	Total
Balance on December 31, 2016	2,817	7,199	798	10,814
Constitutions / updates	685	2,468	29	3,182
Payments/reversals	(685)	(1,176)	-	(1,861)
Balance on June 30, 2017	2,817	8,491	827	12,135
Balance on December 31, 2017	2,935	9,953	853	13,741
Constitutions / updates	678	7,643	26	8,347
Payments/reversals	(809)	(4,978)	-	(5,787)
Balance on June 30, 2018	2,804	12,618	879	16,301

c. Contingent liabilities with possible losses

c.1 Tax contingent liabilities classified as possible losses

c.1.1 Tax return and social contribution

- (i) It comprises the provisioning of the effects of the legal challenge of the extinction of the monetary restatement of balance sheet, in accordance with Law 9,249/95, resulting from the full (deduction) of the balance of the monetary restatement in 1996 in the calculation of IRPJ and CSLL, in the amount of BRL 879, which judicial deposit in the same amount is recorded in long-term assets.
- (ii) On August 30, 2013, a tax assessment notice was drawn-up to establish tax credits for IRPJ and CSLL related to the calendar years from 2008 to 2009, plus a fine (qualified) of 150% and interest on arrears, as well as to impose an isolated fine of 50% on IRPJ and CSLL estimates. The updated values as of June 2018 are as follow:

Principal, in the amount of BRL 10,300; a fine of BRL 19,891; interest of BRL 19,469 - Total of BRL 49,660.

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 defence 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, guaranteeing 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, through a favourable decision of the Federal Supreme Court and express agreement of the Internal Revenue Service, carried out the funding of the judicial

deposit. In addition, the authorization of credits on the collection of taxes was ratified without question by the Federal Revenue of Brazil, on May 11, 2006.

- (ii) On July 2nd, 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, being the values updated for June 2018: principal in the amount BRL 1,255; fine in the amount of BRL 251; interest in the amount of BRL 2,403 - Total of BRL 3,909.

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

- (iii) On July 14, 2010, the Federal Revenue Service filed an administrative proceeding charging the amounts of restitution/compensation claims paid in excess of COFINS levied by the Bank in the case files of the Writ of Mandamus No. 1999,38,00,016025, and the amounts are updated until June 2018: with the principal in the amount of BRL 3,496; fine of BRL 699; interest of BRL 4,260 - Total of BRL 8,455.

After a protocol of Manifest of Nonconformity, the Administrative Council of Tax Appeals determined the overrun of the administrative process until the judgment of the Federal Supreme Court.

- (iv) On November 11, 2010, documents were drawn up to constitute tax credits under PIS and COFINS, plus a fine of 75% and interest on arrears in the period from March 2006 to December 2008. The contributions in question were considered insufficient.

- **COFINS:** Principal, in the amount of BRL 10,026; interest and charges of BRL 13,494 - Total of BRL 23,520.

After a protocol of Manifest of Nonconformity, the Administrative Council of Tax Appeals determined the overrun of the administrative process until the judgment of the Federal Supreme Court.

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

Principal, in the amount of BRL 11,212; fine BRL 8,409; interest of BRL 11,454 - Total of BRL 31,075.

The tax assessment notice was drawn-up on the ground that the Bank had insufficient collection of the contribution in question. In view of the Bank's defence 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 to revoke the credit claim to offset debts with credits arising from payments considered undue by the Bank, carried out as COFINS (January and February 2014).

On November 3rd, 2015, a manifestation of nonconformity was filed, for which manifestation is expected.

Principal, in the amount of BRL 1,367; fine of BRL 273, interest of BRL 620 - Total of BRL 2,260.

- (vii) On January 24, 2017, the Bank was assessed on the tax assessment notice drawn up to constitute a tax credit with an isolated fine of 50% on the amount of the debt which compensation was not approved in administrative proceedings no. 10680.723654/2015-41

Isolated fine, in the amount of BRL 688; interest BRL 77 - Total BRL 765

- (viii) On April 5, 2017, the Bank was assessed on the tax assessment notice drawn-up to constitute a COFINS tax credit, plus an office fine of 75% and default interest, on the grounds that Banco Inter in the calendar year of 2013, would have led to insufficient collections of the contribution in question because of 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 5,174 - Total of BRL 20,581.

It is awaited referral of the case to the Administrative Council of Tax Appeals (CARF), for judgment of the voluntary appeal filed.

18 Income from service rendered

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Bank Rate Revenues	1,263	2,286	548	1,125
Other services	544	893	359	731
Management and structuring rates	478	1,859	1,128	1,726
Exchange incomes	4,052	6,686	785	1,253
Real estate registration fees	860	1,862	724	1,120
Legal Entity loan registration fees	1,117	2,190	1,105	2,245
Other income from service rendered	2	4	6	11
Total	8,316	15,780	4,655	8,211

	Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Bank Rate Revenues	1,263	2,286	548	1,125
Other services	5,061	10,651	2,980	6,148
Management and structuring rates	478	1,859	1,128	1,726
Exchange incomes	4,052	6,686	785	1,253
Real estate registration fees	860	1,862	724	1,120
Legal Entity loan registration fees	1,117	2,190	1,105	2,245
Other income from service rendered	2	4	6	11
Total	12,833	25,538	7,276	13,628

19 Personnel expenses

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Wages	(9,637)	(17,731)	(6,981)	(13,399)
Remuneration of the executive board and board of directors	(2,738)	(4,865)	(2,045)	(4,840)
Social and social security charges	(4,565)	(8,219)	(3,199)	(6,247)
Profit sharing	(2,675)	(4,305)	(2,293)	(2,938)
Holiday expenses and Christmas' Bonus	(1,966)	(3,673)	(1,339)	(2,554)
Benefits	(3,282)	(6,219)	(2,340)	(4,570)
Others	(2,348)	(4,170)	(828)	(1,489)
Total	(27,211)	(49,182)	(19,025)	(36,037)

	Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Wages	(10,152)	(18,695)	(7,371)	(14,175)
Remuneration of the executive board and board of directors	(4,089)	(8,735)	(3,102)	(6,876)
Social and social security charges	(4,796)	(8,677)	(3,407)	(6,655)
Profit sharing	(2,755)	(4,484)	(2,391)	(3,133)
Holiday expenses and Christmas' Bonus	(2,061)	(3,864)	(1,433)	(2,747)
Benefits	(3,384)	(6,430)	(2,450)	(4,775)
Others	(2,356)	(4,193)	(834)	(1,495)
Total	(29,593)	(55,078)	(20,988)	(39,856)

20 Other administrative expenses

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Services Provision	(1,244)	(3,317)	(988)	(1,980)
Data processing	(11,033)	(17,795)	(5,013)	(10,624)
Rental	(1,531)	(2,870)	(1,091)	(2,171)
Communication	(2,124)	(3,724)	(1,192)	(2,107)
BANK EXPENSES	(6,059)	(10,233)	(2,095)	(3,713)
Specialized Technical Services	(4,714)	(8,802)	(2,950)	(5,208)
Advertising and publicity	(4,536)	(9,711)	(3,522)	(6,016)
Maintenance and preservation of property	(1,079)	(2,139)	(1,007)	(2,318)
Notary and judicial expenses	(599)	(1,058)	(399)	(583)
Others	(1,697)	(4,228)	(2,490)	(4,406)
Total	(34,616)	(63,877)	(20,747)	(39,126)

	Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Services Provision	(1,262)	(3,362)	(1,002)	(2,067)
Data processing	(11,189)	(18,009)	(5,062)	(10,706)
Rental	(1,560)	(2,921)	(1,109)	(2,216)
Communication	(2,139)	(3,751)	(1,200)	(2,128)
BANK EXPENSES	(6,097)	(10,309)	(2,095)	(3,713)
Specialized Technical Services	(4,751)	(8,871)	(2,964)	(5,222)
Advertising and publicity	(4,558)	(9,743)	(3,533)	(6,030)
Maintenance and preservation of property	(1,089)	(2,152)	(1,008)	(2,321)

Notary and judicial expenses	(599)	(1,059)	(400)	(583)
Others	(1,777)	(4,387)	(2,598)	(4,618)
Total	(35,021)	(64,564)	(20,971)	(39,604)

21 Other operational incomes

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Recovery of charges and expenses	1,764	5,320	1,937	3,614
Income from securities and receivables	276	1,478	250	-
Portability Revenue	827	397	-	445
Performance revenues	3,912	7,230	-	-
Other income	180	399	740	1,403
Total	6,959	14,824	2,927	5,462

	Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Recovery of charges and expenses	1,764	5,321	1,938	3,613
Income from securities and receivables	276	397	250	446
Portability Revenue	827	1,478	-	-
Performance revenues	3,913	7,230	-	-
Other income	585	804	740	1,403
Total	7,365	15,230	2,928	5,462

22 Other operational expenses

	Parent Company			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Amortization and depreciation	(429)	(774)	(336)	(670)
Discounts granted	(763)	(1,455)	(669)	(5,050)
Expenses with portability	108	(92)	(16)	(114)
Expenses with withdraw with credit	(2,179)	(3,665)	(442)	(697)
Other expenses with cards	(797)	(1,242)	(251)	(388)
Expenses with exchange	(683)	(988)	(160)	(287)
Other Expenses	(772)	(1,591)	(372)	(1,098)
Total	(5,515)	(9,807)	(2,246)	(8,304)

	Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Amortization and depreciation	(432)	(779)	(343)	(684)
Discounts granted	(763)	(1,455)	(669)	(5,050)
Expenses with portability	108	(92)	(16)	(114)
Expenses with withdraw with credit	(2,179)	(3,665)	(442)	(697)
Other expenses with cards	(797)	(1,242)	(251)	(388)
Expenses with exchange	(683)	(988)	(160)	(287)
Other Expenses	(380)	-	(288)	(1,088)
Total	(5,126)	(8,221)	(2,169)	(8,308)

23 Non-operational results

	Parent Company and Consolidated			
	2° Quarter 2018	Acumulated 2018	2° Quarter 2017	Acumulated 2017
Gains (Losses) on the sale of securities and assets	(7)	(52)	(443)	(2,328)
Other capital gains (losses)	(156)	143	-	-
Provision for contingencies	(4,251)	(7,386)	(1,015)	(3,153)
Other revenues	-	-	13	13
Total	(4,414)	(7,295)	(1,445)	(5,468)

24 Share-based payment

Over the years, the Bank and its subsidiaries have been offered stock option plans to key management personnel.

The Stock Option Plan of Preferred Shares, established pursuant to art. 168, § 3, of Law no. 6,404/1976, is an initiative of the Board of Directors of the Bank, through which Banco Inter's executives and employees were granted options for the acquisition of Preferred Shares of Banco Inter, with a view to encouraging performance and favouring the retention of the directors, officers 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.

Of the plans currently in force, the first one began in the year 2012 and will close in 2021. The first tranche, which began in 2012, and was completed in 2017, with a devaluation of owners'

equity of approximately BRL 1,700. For the 2013 and 2014 tranches, which will end in 2020 and 2021, respectively, there will be no cost to the Bank, since the chosen employees will have the right to exercise the option to acquire another 187,630 preferred shares, at the unit value of BRL 3.68.

For tranches of 2013 and 2014, if the employee does not exercise the option or is disconnected from the Bank, 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 elapsed for the acquirer of the shares object of the Plan, for a minimum period of five years from the date of receipt of the first offer of shares offered to it 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 Capital Stock by up to another seventy-six thousand (76,000) nominative preferred shares, segregated into five tranches, observing the rules of the regulation approved by the Board of Directors. The options that become exercisable will have a unit value of BRL 4.62 and may be exercised by the participant within three years of the last grace 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 vesting periods, and after which they will be automatically terminated, without indemnification rights.

The exercise price of the options granted in the plans is equivalent to the book value per share at the close 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 shown in explanatory note no. 16, in the first quarter of 2018 the stock split was approved in the ratio of 6 shares to each 1. For comparability purposes, the following information has been updated to reflect this breakdown and the current position of the plans.

The main characteristics of the Plans are described below:

Plan	Approval	Options	Vesting	Average Exercise Price	Participants	Final Term of Exercise
2	24/02/2012	1,699,470	To 5 years	BRL 2.63	Directors, managers and key employees	12/31/2019 12/31/2020 12/31/2021
3	30/09/2016	588,000	Up to 5 years	BRL 4.62	Directors, managers and key employees	12/31/2023
4	15/02/2018	1,675,488	To 5 years	BRL 5.42	Directors, managers and key employees	02/15/2025

The changes in the options of each plan for the period ended June 30, 2018 and complementary information are shown below:

Plan	Number of Employees	Movements on 06/30/2018 (Shares)				
		Initial Balance	Granted	Prescribed/Cancelled	Exercised	Final Balance
2	16	979,728	-	105,120	300,888	573,720
3	20	588,000	-	22,800	1,500	563,700
4	25	1,675,488	-	-	-	1,675,488
		3,243,216	-	127,920	302,388	2,812,908
Average Weighted Price of Shares		BRL 4.75	-	BRL 3.91	BRL 0.42	BRL 4.90

Plan	Number of Employees	Movements on 12/31/2017 (Shares)				
		Initial Balance	Granted	Prescribed/Cancelled	Exercised	Final Balance
2	17	979,728	-	91,080	300,888	587,760
3	20	588,000	-	22,800	1,500	563,700
		1,567,728	-	113,880	302,388	1,151,460
Average Weighted Price of Shares		BRL 3.44	-	BRL 3.91	BRL 0.42	BRL 4.14

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	573,720	633	455	1	3
3	563,700	33	984	4	6
4	1,675,488	-	-	5	7

The estimated impact is related to the value of the option premiums granted to employees in the financial statements 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)
Exercise 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/Action Date	1.83	0.88	0.99	1.13	0.32

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

25 Risk Management

No 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 must be treated as an essential 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 the Audit Committee and the Risk and Capital Committee, which are formed by members of the Group's Senior Management, including the Board of Directors, making collegiate decisions, aiming at the supervision and evaluation of the effectiveness of the controls the 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, at the Risks Management section.

a. Liquidity risk management

Liquidity risk is defined as the possibility that the institution will not be able to efficiently honour 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 high size 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 permeate the entire "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 evaluated by the Cash Committee with the purpose of organizing, evaluating and monitoring liquidity risk, establishing processes, tools and limits necessary for the generation and analysis of prospective liquidity scenarios and levels of risk appetite established by Senior Management, in line with CMN Resolution No. 4,557/2017,

No Banco Inter, essa gestão é também avaliada semanalmente pelo Comitê de Caixa com o objetivo de organizar, avaliar e monitorar o risco de liquidez, estabelecendo processos, ferramentas e limites necessários para a geração e a análise de cenários prospectivos de liquidez e o acompanhamento dos níveis de apetite aos riscos estabelecidos pela Alta Administração, em linha com a Resolução nº CMN nº 4,557/2017.

b. Market risk management

Market risk is the possibility of losses that may be caused by changes in the behaviour of interest rates, foreign exchange, stock 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 objective of supporting the business areas, establishing processes and implementing tools necessary for the evaluation and control of related risks, enabling the measurement and monitoring of risk appetite levels defined by Senior Management.

b.1 Sensitivity analysis

The Bank monitors the risk of interest rates for its portfolio, with the use of interest rate shocks that may have an impact on the Bank's portfolio. This procedure allows making inferences about the risk of the positions when compared to the current levels of market prices and their historical behaviour.

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 MtM		1,137,048			
Base Points checks					
-50 bps	SCENARIO 3	1,145,651	1,149,045	1,148,813	1,169,413
-25 bps	SCENARIO 2	1,141,314	1,142,978	1,142,899	1,153,097
-1 bps	SCENARIO 1	1,137,217	1,137,282	1,137,281	1,137,685
+1 bps	SCENARIO 1	1,136,878	1,136,813	1,136,815	1,136,411
+25 bps	SCENARIO 2	1,132,849	1,131,249	1,131,256	1,121,259
+50 bps	SCENARIO 3	1,128,717	1,125,579	1,125,524	1,105,726

Amount in thousands of Brazilian Reais

To support the analysis, the following scenarios were considered:

SCENARIO 1 - probable 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 - deterioration situation 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 - deterioration situation 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 PR (reference equity), Banco Inter performs sensitivity tests, in which it evaluates:

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(s)	99 - 1 year(s)	1 - 5 year(s)	99 - 5 year(s)
Euro Coupon	14.12	(38.54)	24.46	(56.67)
Euro	(573.25)	(27.22)	(1,064.78)	(12.77)
IGP-M index number	(25,141.25)	(1,478.47)	(88,717.66)	(4,421.02)
Coupon IGP-M	22,294.13	3,582.34	22,592.07	(26,339.93)
IPCA index number	(12,984.37)	(641.90)	(94,314.31)	(2,333.70)
IPCA Coupon	28,128.18	(3,573.86)	26,416.53	(39,016.41)
IPC-FIPE Coupon	3.60	(0.68)	3.44	(5.38)
PRE	36,976.78	(10,971.02)	34,894.81	(109,651.76)
Pounds Sterling	(0.17)	(0.00)	(0.27)	0.15
TR Coupon	374.43	(116.69)	337.51	(825.29)
USD	(337.66)	(9.10)	(759.80)	84.90
Australian Dollar	(640.25)	(447.48)	(820.38)	(447.66)

Canadian Dollar (4.15) (0.11) (8.18) 0.47

- Amount of base points needed to cause 5%, 10% and 20% reductions in Owners' 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	% of Change in Owners' Equity		
	5%	10%	20%
Coupon IGP-M	3.11%	7.00%	19.26%
IPCA Coupon	2.17%	4.87%	12.79%
PRE	2.52%	5.36%	12.07%

Source: Basel System and Market

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 damages for third parties arising from the activities developed by the institution.

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

For the allocation of capital to operational risk, Banco Inter adopted the methodology of the Basic Measurement Indicator or BIA, as provided in Art. 1 of Bacen Circular 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 management 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 management.

Banco Inter conducts credit risk management with the support of the Risk and Capital Committee, adopting governance criteria through tools 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 judges probable.

In compliance with Bacen Circular no. 3,678/2013, information on risk and capital management can be found at:
<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's Office aims to seek agile and effective solutions, acting with transparency and

impartiality, and is committed to promoting improvements in services rendered. The occurrences received by the Ombudsman's Office 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 June 30, 2011, in line with Pillar II of Basel, the Central Bank of Brazil (Bacen) issued Resolution CMN No. 4,577/2017, which established the need to implement a capital management structure for financial institutions.

In the second half of 2014, the Central Bank of Brazil published several regulations related to risk management, complementing other publications related to Basel III. One of them being Circular no. 3,714/2014, which amended articles of Circular no. 3,644/2013 impacting the Basel Index and, consequently, increasing its availability in the credit supply.

CMN Resolution no. 4,388/2014, which changes the provisions of other 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 (CADOC) 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) related to Pillar I risks. 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 of capital adequacy are reported to the areas and to the strategic committees involved, constituting an allowance for the decision-making process by the Bank's Senior Management.

The Basel Ratio was calculated according to the criteria established by CMN Resolutions no. 4,192/2013 and no. 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).

It should be noted that as of October 1st, 2013, the normative set that implemented in Brazil the recommendations of the Basel Committee on Banking Supervision related to the capital structure of financial institutions known as Basel III. The new standards adopted address the following issues:

- I. New methodology for determining regulatory capital, which continues to be divided into Levels I and II, with Level I composed of Principal Capital (deducted from Prudential Adjustments) and Complementary Capital.
- II. New methodology for calculating the capital maintenance requirement, adopting minimum requirements for PR, Level I and Principal Capital, and introduction of Additional Principal Capital.

The scope of consolidation used as a basis for the verification of operating limits was also changed, considering only the Financial Conglomerate from October 1st, 2013 to December 31, 2014, and the Prudential Conglomerate, defined in CMN Resolution No. 4,280/2013, as of January 1st, 2015.

All quotes to PR and Required Reference Equity (PRR) or PRMR, on dates prior to October 1st, 2013, refer to the Basel II methodology and were calculated according to the criteria established by CMN Resolutions no. 3,444/2007 and no. 3,490/2007, respectively.

DLO - Document Of Operational Limits

Basel Index

Detailing Requirement Margins Regarding Rwa

Description	06/30/2018	12/31/2017
Reference Heritage For Comparison With Rwa	926,426	378,386
Reference Heritage (Pr)	926,426	378,386
Risk Weighted Assets (Rwa)	2,727,353	2,206,190
Rwa For Credit Risk By Standardized Approach - Rwa _{Cpad}	2,207,077	1,786,295
Rwa For Market Risk	63,180	74,603
Rwa For Operational Risk By Standardized Approach - Rwa _{Opad}	457,097	345,292
Margin On The Reference Equity Required	691,192	174,314
Minimum Reference Equity Required For Rwa (Pre)	235,234	204,073
Margin On The Equity Of Reference Level 1 Required	762,785	246,015
Reference Heritage Level I For Comparison With Rwa	926,426	378,386
Reference Heritage Level I	926,426	378,386
Reference Heritage Level I Minimum Required For Rwa	163,641	132,371
Margin Of The Main Capital Required	803,695	279,108
Main Capital For Comparison With Rwa	926,426	378,386
Main Capital – CP	926,426	378,386
Minimum Main Capital Required For Rwa	122,731	99,279
Margin On The Pr Considering The R _{Ban}	568,903	130,613
Minimum Reference Equity Required For Rwa And Rban	306,385	220,196
Value Corresponding To R _{Ban}	71,151	16,123
Minimum Main Capital Required For Maintenance Of Instruments Eligible To Complementary Capital	139,776	113,067
Minimum Main Capital Required To Maintain Instruments Eligible At Level II	122,731	99,279
Additional Of Minimum Main Capital Required For Rwa	51,138	27,577
Additional Conservation Of Main Capital (Acp Conservation)	51,138	27,577
Non-Bank Public Rwa	100,876	657,198
Margin On The Additional Principal Capital	640,054	146,736
Basel Index:	33,97%	17,15%

g. Social and environmental responsibility

In addition to what CMN Resolution no. 4,327/2014 proclaims, to Banco Inter, social-environmental responsibility is when the organization itself, customers, users, suppliers or service providers, voluntarily adopt postures, behaviours and actions that promote well-being of its internal public (employees, shareholders etc.) and external (community, partners, environment etc.). It 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 evaluations are carried out on the exposure to risks related to the socio-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 evaluating the socio-environmental aspects with which the client is involved in complying with environmental legislation, working conditions, use of natural resources, waste management, etc., and to establish their level of social and environmental risk in relation to its relationship with Banco Inter.

26 Subsequent events

On June 2nd, 2018, the Board of Directors approved the election of Mr. Rafael Alves Rodrigues as an Officer of the Bank. The investiture of the Officer elected herein is subject to approval by the Central Bank of Brazil, after which he will hold the respective position.

There were no other relevant subsequent events until the date of approval of this quarterly information.

* * *

Board of Directors

Rubens Menin Teixeira de Souza – Chairman of the board

João Vitor Nazareth Menin Teixeira de Souza - Advisor

José Felipe Diniz - Advisor

Marcos Alberto Cabaleiro Fernandez - Advisor

Leonardo Guimarães Corrêa – Advisor

Cristiano Henrique Vieira Gomes – Independent Advisor

Luiz Antônio Nogueira de França – Independent Advisor

Chief Executive Officer

João Vitor Nazareth Menin Teixeira de Souza

Vice presidents

Alexandre Riccio de Oliveira

Marco Túlio Guimarães

Executive Officers

Ana Luiza Franco Forattini

Guilherme Ximenes de Almeida

Luiz Carlos de Menezes

Sebastião Luiz da Silva

Responsible accountant

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