Agi Inc. (AGBK)

Q4'25 Earnings Call

March 23, 2026

Operator

Good afternoon, everyone, and welcome to Agi's Fourth Quarter and Full Year 2025 Earnings Conference Call. Today's conference call is being recorded.

At this time, I would like to turn the call over to Felipe Gaspar Oliveira, Head of Investor Relations. Please go ahead.

Felipe Gaspar Oliveira – Head of Investor Relations

Thank you, and good afternoon. With me today are Marciano Testa, our Founder, Chairman, and CEO, and Marcello Dubeux, Chief Financial Officer. Throughout this conference call, we will be presenting non-IFRS financial information. These are important financial measures for AGI, but are not financial measures as defined by IFRS and may not be comparable to similar measures from other companies. Reconciliations of the non-IFRS to the IFRS financial information are available in the earnings press release. Unless noted otherwise, all figures are presented in Brazilian reals.

I'd also like to remind everyone that today's discussion might include forward-looking statements, which are not guarantees of future performance and therefore you should not put in due reliance on them. These statements are subject to numerous risks and uncertainties, and could cause actual results to differ materially from our expectations. Please refer to the forward-looking statements disclosure in the earnings release.

I will now hand over the call to Marciano.

Marciano Testa - Founder, Executive Chairman and Chief Executive Officer

Thanks, Felipe. Good afternoon, everyone. On behalf of the entire Agi team, it's my pleasure to welcome you to our first earnings call as a public company. During today's call, we will review our fourth quarter and the full year 2025 results. Our CFO, Marcello Dubeux, and our Head of Investor Relations, Felipe Gaspar, will walk you through the numbers and host a Q&A session.

But first, I would like to take a few minutes to share some personal thoughts with you and provide my long-term perspective of the business, and also, I want to build a strong relationship with the investors' community based on transparency, execution, and trust.

Let me share a few thoughts on Agibank, our mission, our unique model, and our vision for the future. As many of you know by now, Agibank was built to serve the largest and fastest-growing segment of the Brazilian population: over 100 million social security beneficiaries and payroll workers, which has historically been underserved by traditional banks, while digital-only banks have also struggled to serve them effectively because customers in this segment still value proximity and human interaction when needed.

To address this opportunity, we designed a new approach that combines a fully digital bank with a nationwide retail network of smart hubs that are lower cost and more efficient than traditional bank branches. We call this our hybrid model, and it has given us a powerful structural advantage in the Brazilian payroll-linked financial ecosystem. We can acquire customers and serve them in a better way at lower cost, enabling us to build strong engagement and become the primary bank of our customers.

Our model allows us to scale efficiently and continue growing with the same asset-light benefits that define Agibank. This creates a powerful flywheel effect within our ecosystem. More engagement leads to more products per customer, better data, a stronger risk model, and improved economics across our platform.

And to do this, we rely heavily on advanced technology, including a proprietary core banking system without legacy constraints that was designed to integrate with new technologies such as artificial intelligence to automate processes across our organization and derive new opportunities more effectively. Data science to constantly collect and analyze proprietary information to improve our customer experience, increase efficiency, and scale operations, and software applications that we use to engage customers both in our smart hubs and through our mobile platform.

This is not new but differentiating through technology has been a core principle for us. We use our technology to help bridge the gap for customers who are not naturally tech-savvy. Millions and perhaps billions of people outside the United States have learned over generations to not trust banks because of their poor service and high costs, and many of these people will need sometimes a little help to feel more comfortable managing the small amount of money they have digitally. That is exactly what we do.

So, as all of you know, this is our first earnings call, it is important to me and for you to keep in mind the three principles that anchor our long-term management philosophy.

First principle, we live for the customer. The core of our strategy is keeping customers deeply engaged in our hybrid platform. We help them access their benefits and payroll in a better way, help them become more comfortable using digital tools, offer them small amounts of the secured credit, and then use our technology and data to offer them a growing range of financial solutions to help them across different areas of their lives.

Our total addressable market continues to expand year after year in Brazil, driven by three factors: demographics, income, and educational. Based on our unique hybrid business model, we can address favorable demographic trends. On top of that, the majority of the population in Brazil is still lower, middle-class, and they have barriers in access to resources such as education, which is unlikely to change radically over the next decade to help them overcome these barriers creating a long runway for Agibank's growth.

Second principle, we continuously enhance our technology. We believe that delivering the best experience in the payroll ecosystem requires constant innovation. Customers' behavior is evolving rapidly with new technology, and expectations continue to rise. At the same time, the regulatory environment evolves constantly, and we must always remain one step ahead. As I mentioned, technology is a core enabler of our strategy. So we will always be looking to invest and innovate in this area. Part of the capital we raised in the IPO, we will be investing in even more technology to empower our customers and make us even more efficient than we already are, enabling us to provide you a strong combination of growth and profitability.

The last principle, but not least, we have an entrepreneur culture focus on long-term component returns. We believe in building a business that compounds value over many years. Whenever necessary, we will prioritize the long-term interests of the company and its shareholders over the short-term outcomes. Looking ahead, we believe that over the next five years, our market is going to continue to expand, enabling us to grow it. We plan to do this with discipline and evaluating new opportunities based on the potential to consistently create value for our shareholders.

And finally, we are, and we remain a long-term focused on company, and I am looking forward to sharing this journey with you, earning your trust, and improving the lives of our customers together. I am always open to any questions or concerns through our journey together above and beyond this first earnings call.

And with that, I will pass over to Marcello and Felipe, who will walk you through our performance in more detail. Thank you again.

Marcello Dubeux - Chief Financial Officer

Thank you, Marciano, and good afternoon, everyone. This is Marcello, CFO of Agi. I'm pleased to report that we delivered a strong set of results for the fourth quarter and full year 2025, demonstrating the strength of our unique hybrid business model.

In the fourth quarter and throughout 2025, we continue to execute against our core strategic priorities, growing our client base in Brazil with a focus on multi-product relationships, expanding our market leadership in the payroll credit segment through the new product releases and integrations, and maintaining our status among Brazil's most efficient and trusted financial institutions.

Today, I will walk through our fourth quarter and 2025 results and offer some insights. Before

hopping into results, I'd like to make a quick comment on our relationship with the INSS, which is Brazil's social security administration, responsible for the payroll of 42 million beneficiaries. Agibank maintains a contractual relationship with the INSS to provide benefits, payments, and payroll credit underwriting. As part of an ongoing auditing process, the INSS and Agibank executed two operational agreements.

One, in November 2025, related to the benefits payments in Agi's accounts, and another in January 2026 related to origination of INSS payroll credit. This agreement set standards for enhanced customer service and product delivered aligned with updated regulations. Although the discussions resulted in temporary suspensions that impacted credit origination for INSS clients in 4Q '25, operations fully resumed by mid-January 2026.

Commenting briefly on the addressable market and our strategic positioning. Agi has a nationwide hybrid model with over 1,100 smart hubs deployed, with an opportunity to expand alongside our digital solutions

When we look at Brazil landscape, we see a BRL733 billion market in secured loans from INSS beneficiaries, private and public workers, representing approximately 100 million individuals, we can serve with our specialized products. Adding complementary cross-selling products such as payroll, credit cards, personal loans, insurance, and fees, we see a total addressable market of BRL2.1 trillion. We would like to start off by showing how Agi delivered substantial yearly growth across some of the most important indicators, maintaining its position as a relevant player in this market and reiterating the high potential for the coming years.

Taking a closer look at customer growth as seen on slide 9, total active customers count increased 73% in 2025, and we exited the fourth quarter with 6.7 million active clients, which we define as those using at least one product at quarter end. Agi customers with primary banking relationships averaged over five products, rising above seven products among our most mature cohorts, underscoring the cross-selling opportunity within our model and validating our relationship-centric strategy.

Turning to our credit portfolio on slide 10. Total loan balances grew 44% in 2025 to BRL34.9 billion. Our credit portfolio maintains a healthy mix with secured loans representing 86% of total, or BRL29.9 billion, and unsecured loans representing 14% or BRL4.9 billion. We believe this mix brings a sustainable balance of profitability, credit quality, and a focus on long-term relationships with our clients.

In private payroll credit, an offering we launched in March 2025, centered around a more conservative approach, our portfolio reached BRL0.9 billion. For public payroll credit, a growth lever in our credit portfolio that brings our business model to municipalities and regions where the footprint of the traditional banking systems continues to be less accessible, Agi finished 2025 with BRL0.3 billion.

On secured lending, restricted to account holders who maintain primary relationship and directed deposit arrangements with Agi, which significantly mitigates default exposure while improving margins, expanding 18.3% during 2025 to BRL4.8 billion. Within INSS payroll credits, we continue to successfully execute against our strategy of being the disruptor of this segment in Brazil, as you can see on slide 11. Based on our strong positioning with the INSS, we further increased our market share of payroll credit, reaching 8.9%, again of 250 bps compared to 2024.

With regards to credit quality on slide 12, non-performing loans exceeding 90 days reached 3.7% by year end 2025, impacted primarily by two factors. First, a larger share of private payroll credit, which has structurally higher delinquency ratio compared to INSS loans, and second, no recurring effects from the INSS suspensions beginning in August and ending in January 2026. Nevertheless, NPLs by end of 2025 of the overall portfolio remained comfortably below the average for consumer credit in Brazil. The coverage ratio measured by provisions over NPLs above 90 days was 189.4% by end of 2025.

Turning now to our revenue on slide 13. In the fourth quarter, we delivered total revenue of BRL2.96 billion, an increase of 6% quarter-over-quarter. For the full year, the total revenue was BRL10.7 billion, growing to 46.8% year-over-year. On slide 14, we see net interest income growing 19% in the year to BRL4.7 billion. Net interest margin was 12.5% for the year, resulting from a loan portfolio more weighted towards secured loans.

Moving to efficiency on slide 15, which highlights the operating leverage embedded in our unique business model. As discussed, our proprietary physical digital channel network drives a highly efficient, scalable operation. Our operating efficiency ratio, which we calculate as NII plus fee revenue divided by operating and personnel expenses, improved to 40.6%, an approximately 590 basis points improvement year-over-year as revenue growth continues to outpace expenses.

Continuing down the income statement and to slide 16, net income in the 4Q 2025 reached BRL215 million, supporting the BRL1.05 billion figure for the full year, an increase of 31.8% year-over-year, with return-on-equity of 35.8%, maintaining Agi as one of Brazil's most profitable financial services company.

Speaking briefly to our funding approach on slide 17, as a regular debt issuer, Agi maintains established relationships with Brazil's credit markets, diversifying funding sources to support portfolio expansion. As a result, total deposits reached BRL37.8 billion, an increase of 50% from 2024. Institutional counterparties represented 51% of total funding, while retail sources came to a share of 49%. We follow conservative principles, aligning secured credit portfolio durations indexation with corresponding funding sources, safeguarding spreads against market and interest rate fluctuations.

Lastly, as you can see on slide 18, our capital adequacy ratio stood at 15.5% exiting 2025 with a

Tier 1 capital ratio of 14.2%. Agi's consistently above-average ROE track record enables self-sustaining capital generation. As a reminder, IPO proceeds will appear in our Q1 2026 financial statements, but if reflected in 2025's capital structure, we estimate a capital adequacy ratio of circa of 19%. Looking forward, we remain confident in our capacity to address the financial needs of millions of Brazilians.

On behalf of Agi, I would like to thank you all for your interest and support. And now we would like to open the call for the Q&A session. Thank you very much. Operator?

Q&A

Operator

Thank you. We will now begin the Q&A session for investors and analysts. Our first question comes from Tito Labarta with Goldman Sachs. Your microphone is open

Tito Labarta - Goldman Sachs

Hi, good evening Marciano, Marcello and Felipe. Thanks for the call and taking my questions, and congratulations on the IPO. Just a follow-up: Thanks for the color on the relationship with the INSS, but just one question we get from investors, and just to get comfortable that there won't be any other suspensions or delays in your ability to underwrite credit, and also to sell insurance, just, I mean, how comfortable are you that this is definitely behind you that there won't be any other risks related to that. And

I mean, do you feel like for the rest of this year and going forward, that's behind you completely?

And then, I guess just second question, more I guess, on the competitive environment. I mean, I think you have a unique position with the hybrid model. But as interest rates come down, I mean, do you see a risk of increasing competition either from incumbents or fintech's trying to go after this market? Any color you can give on that would also be helpful. Thank you.

Marcello Dubeux - Chief Financial Officer

Great. Hi, Tito. Thanks for your question. Good to be talking to you. So first of all, in terms of the relationship with INSS, we have a contractual relationship with INSS for years. We believe that we passed through an audit process and we signed two agreements with the authority, and that validates our processes going forward as long as we are in compliance with the process and with the adjustments that we made, which we are.

So based on that, we have no reason to believe that there is a possibility of a different type of suspension or friction with the authority. So all of our operations are back to normal, full normalized, the user experience is also in fully operation in terms of the relationship with the INSS. So we really believe this is a turn page in our relationship with them. So that's the first part of your question.

The second part, we believe the competition in terms of relation to the interest rates, we have to remember that our business positioning, it is focused on the experience of the client. We serve an underserved big portion of the population in Brazil that is less related with the cycles of the economy, but on how they are being left behind, both by the incumbent banks and the digital only banks. So we believe we have, we still won't see any important variation in terms of that due to the interest rates. I think also, Marciano can complement on that. Marciano, I will hand over to you.

Marciano Testa - Founder, Executive Chairman and Chief Executive Officer

Okay, Marcello, thank you. Thanks for the question, Tito. So yeah, we see as a very competitive market between the players and a very high structured demand from the population side. Payroll credit is the biggest and biggest credit portfolio for individuals in Brazil. The reason for this, the payroll credit is the most affordable and cheapest credit for individuals in our country. We are very well-positioned to capture the opportunities in the payroll credit ecosystem. Basically, we see three structural factors to support our thesis for the long-term.

First, demographic trends, education, and average income in Brazil. So our country's population, it's aging rapidly. We, and we are very well positioned with our hybrid model to allow us, that allow us to offering advisors to this segment. It is not simple for this segment to navigate in the digital world for thyself, especially to the complexity transaction as a portability of financial product or in the open finance platform. Agibank has been built to solve a very specific problem who the question is how to use technology to improve the lives of the largest population that is not naturally tech-savvy. Because of that, we have always operate at the interaction of the technology, data, and human interactions.

So somebody can say that the new older people are more digital, right? Here, we see this the second factor that is education. Unfortunately, we don't see signs that we will have a revolution of the education system in Brazil, and the people still have less access to the better education. And the third, in it is average income in Brazil, and more than 65% of the population have income less than $400 monthly. Also, we don't see red call changes in this structural situation in Brazil over the decade.

Based on that, we see several barriers to replicate our model. In the incumbent side, they don't have the specific setup to address this specialty segment, while the other digital banks have the best tutor! of the cost, but it's not the best model in terms of channels and customer journey to advisor most of this part of the population, right? And finally, we have decided to invest heavily to be AI-driven company in the next 12 to 24 months. And we can continue to deliver the best, have the experience to the customers, and improve our efficiency rates and scale to continue to be relevant, we will be the bigger player in the payroll credit ecosystem in Brazil. Thank you.

Tito Labarta - Goldman Sachs

Great. Thank you, Marciano and Marcello, and congrats again.

Marcello Dubeux - Chief Financial Officer

Thank you, Tito.

Operator

Our next question comes from Jorge Kuri with Morgan Stanley. Your microphone is open. Mr.Jorge, your microphone is open, you can talk.

Jorge Kuri - Morgan Stanley

Can you hear me? Sorry, apologies. Can you hear me?

Operator

Okay. We can hear you now.

Jorge Kuri - Morgan Stanley

Is this good? Can you hear me?

Marcello Dubeux - Chief Financial Officer

Yes, Jorge. We can hear you. How are you?

Operator

Our next question comes from Eduardo Rosman with BTG.

Eduardo Rosman – BTG Pactual

Hi, everyone. Congrats on the numbers. Congrats on the IPO. I have two questions here. The first one, just trying to understand the dynamics at the start of the year, right, because we've been tracking INSS payroll lending and it has been weak for everyone, right, because of all the changes going through the Social Security entity, right? So, given the relevance of the segment to your business, how should this impact your results? Should we expect a softer start to the year with results improving in the second half? So, it would be great to understand a little bit what's going on?

And my second question would be regarding the private payroll lending, right? As far as I understand, you were one of the first movers in the product, right, with the goal of gaining experience and understanding how it works. However, at the margin, it seems that your appetite for the product has come down, right? So just wanted to confirm if that's the case, what happened, or if you can come back with more growth or more appetite in the future depending on the changes that the product is going through? Thanks a lot.

Marcello Dubeux - Chief Financial Officer

Okay. Hi, Rosman. Good to be talking to you. Thanks for the question. Marcello here. So first of all, on the credit origination in the INSS product. So, first of all, in the market itself, there was – there were some frictions in the beginning of the year. We see normalization of the flows of production since mid-February, and that is also combined with our situation as well, because as you know, we got the temporary suspension from December to mid-January, and we were able to back in full operation after that.

And we see now, since end of the last month, the pace of origination in our case, now talking about Agi as pre-suspension levels. So we are very comfortable with the production and origination of credit that we see every day, especially in the INSS payroll loans. So that's one thing. So, and we believe implicitly that we are origination, originating market share at the margin the way we were before the suspensions, which means above average, above the market share that we have, which is 8.9%. We believe that we are already reaching the numbers of mid-teens in terms of the market share origination at the margin, right? So that's one thing for the INSS production.

And then the private payroll, yeah, you are correct. You have the full reading on the situation regarding the beginning of the operations last year, we were -- we demonstrated our operational and technological revenues to be the first to offer this product in the market. Then we took a more cautious approach throughout the year, and we see this product as operated by two types of competitors. One is the incumbents who have the behavior, the relationship, who know the companies that this potential clients they work for, and the other types are the challengers who have to develop their own model to work with this product.

And within this segment, we believe we are, we have state-of-the-art capabilities to develop credit modeling as we demonstrated already in our, in the way we run our credit business throughout the last few years. So we now are comfortable with the models that we develop to operate the private payroll, and we already seen in this month of March, the product starting to ramp up in our production technology here at Agi. So we are now taking a very, a more realistic approach to grow in this product

Eduardo Rosman – BTG Pactual

Perfect. Thanks a lot.

Marcello Dubeux - Chief Financial Officer

Thank you, Rosman.

Felipe Gaspar Oliveira – Head of Investor Relations

(Question from Jorge Kuri – Morgan Stanley)

Yes. So we have the question from Jorge Kuri. He has audio issues, and then he asked it to ask for him here. So the question is, he would like to ask why NPL ratio went up from 3Q to 4Q and why net interest margin came down from 3Q to 4Q? Can you please give us color on what is driving this? So this is the question.

Marcello Dubeux - Chief Financial Officer

Okay. Thank you, Felipe. Thanks, Jorge, for the question. So, regarding the NPLs, we believe, first of all, that we have structurally low and low-risk, and comfortable levels of NPLs in our portfolio. We have to remember that a big portion of our portfolio is in the social secured payroll loans, which have under 2% NPLs, but we've been increasing the private payroll, and we have also the unsecured loans who have both of them are most close to the teens NPLs.

And what we saw in the fourth quarter, we saw a mix influence on the private payrolls, the vintages or the first vintages of the private payroll starting to mature and to influence the average of the NPLs in one-hand, and the other hand also as a factor of denominator, we did have the slowdown with the production because of the suspension, which halted the pace of origination, the pace of growth in the total credit portfolio, which in turn took us to a higher ratio in terms of the NPLs. But we are very comfortable to say that is not a different trend in terms of growing NPLs. This is the number that we should run in the equilibrium in the stability going forward in terms of NPLs, given that we will continue to grow private payrolls and they have a higher number in terms of this ratio.

Regarding the NIMs, on the other hand, the NIMs, there's a few factors impacting the NIMs since the beginning of last year, which is, one, a mix more towards the secured lending compared to unsecured, which have, which has tighter spreads as we know. That is one factor. The other factor is that on the unsecured loans by themselves, we have been also working with slightly lower rates for the customer because remember, we, our strategy is focusing in the long-term relationship with this client. We went to maintain them with us in our portfolio. But it's important to say that this is the kind of NIMs that we think is healthy for the business, that is structural, sustainable going forward.

And we have one another factor that impacted the year, and it might be reverted this next year, which is the interest rates. Although we have a very conservative approach to ALM to match the ratios of indexation when we see abrupt impact in the interest rates, of course, they will impact the cost of funding, which happened during the year of 2025. We know that the Selic went up almost 300 basis in the second half of the year, so that impact also the NIM. On the flip side, we can expect a potential reduction on the Selic, which we can capture also in these next quarters as well. So maybe Felipe can add a few observations on that as well. Felipe?

Felipe Gaspar Oliveira – Head of Investor Relations

Yes. Thank you, Marcello. Just to complement one thing, it's important to say that in terms of interest-bearing assets mix, we also had a growth in assets viewed to Selic versus lending operations. So when we see financial assets and treasury allocation, it has a bigger share over the interest-bearing assets when compared to the end of 2024. So it helps in this kind of explanation about the net interest margin about the fourth quarter.

Operator

Thank you. Our next question comes from Gustavo Schroden with Citi. Your microfone is open.

Gustavo Schroden - Citi

Hi, guys. First of all, congratulations on the IPO. And I have two questions here. The first one is regarding the commissions and fees revenues, which declined in the quarter. So I would like to understand what is behind this decrease, if it is related to the suspension of INSS originations in the fourth quarter late last year, if it is behind this decrease?

And my second question is regarding the selling, general, and administrative expenses, which also we saw a relevant decrease of almost 31% quarter-on-quarter. So if you could explain us what is behind this decrease in the selling, general, and administrative expenses? Thank you.

Marcello Dubeux - Chief Financial Officer

Okay. Thanks, Schroden, good to be talking to you. So on one hand, on the fees, we see the fees as a very sustainable business for us. As you know, we have the full distribution, we work as a broker selling customized insurance to public that really looks for products that can complement their wallet of solutions. This is one thing.

In the fourth quarter, we have some impact on the overall slowdown of the production and the cross-sell that impacted the selling of insurance. This is one thing, but when we look at the adjustments that we made derived from the agreements that we executed with the authority of the Social Security in Brazil, we see nowadays already, since the mid of the quarter, the user experience in acquiring insurance totally normalized and the product flowing very well. So we're very comfortable to affirm and to state that this is a product that will be, continue to be very important revenue stream of the business, very important contributor of our returns going forward. So that's one thing for the insurance.

Regarding the SG&A and the expenses, yes, we see a reduction in the fourth quarter. At one hand, we see portion of that is related to the cost-to-serve that we pay related to a variable part of the expenses, as we have the disruptions of the suspensions that impacted the quarter, both the payments of the payrolls and part of the fourth quarter that impacted part of the variable – the cost-to-serve that we have to pay for the salaries for each of the individuals that we are paying.

And the other part, we see non-recurring event on the model of lawsuits that we have because we started using AI, we are, as Marciano said, heavily investing in AI in the company. We have initiated tackling lawsuits with AI agents that reads all the proceeds and prepares the defenses and that increases a lot the number of the percentage of victories that we have in these massive lawsuits that we have, and that made us, allowed us to make an adjustment in the model that we use to provision lawsuits in the company. So we were able to adjust this model in the fourth quarter and that produced also an additional impact in the SG&A. So those are the main factors that we can mention here.

Gustavo Schroden - Citi

Thank you, Marcello. Very Clear. Thank you.

Marcello Dubeux - Chief Financial Officer

Thank you, Schroden.

Operator

Our next question comes from Pedro Leduc with Itaú BBA.

Pedro Leduc - Itaú BBA

Hi, guys, good evening. Thanks so much for taking the question. Just to make sure I understood the explanation behind SG&A, there was a reversal in legal contingencies in the fourth quarter because you've read through all the stuff and you've found that you had maybe too much provision, so there was an actually reversal, and the run rate going forward is going to be kind of the one we saw here. Is that right?

Marcello Dubeux - Chief Financial Officer

Hi, Leduc, good to be talking to you. Yes, that's right. That's the reading. It's a reversion based on the much better model that we established throughout being investing in AI for the lawsuits.

Pedro Leduc - Itaú BBA

All right. Great. And then just on NIMs, you mentioned that the fourth quarter is sort of the level we should see as well, but there's going to be a mix effect that should maybe play in your favor, or this leak should play in your favor. So, when you talked about NIMs being this level, was it a mix constant or funding cost constant? Just want to make sure I got that one too.

Marcello Dubeux - Chief Financial Officer

Yeah. So the mix will maintain and skilled, a little bit always more to the secured level than the unsecured. So remember, we only offer unsecured credit for those clients who receive their salary with us. So we will keep growing in the number of beneficiaries of clients that we are able to be the primary relationship and to pay the payroll and to offer the unsecured. But as we grow and have the mix more skilled to the secured lending in terms of credit portfolio, we have a tighter spread, but we don't see the product as a product by itself, we see a client view. And how can we look at cross-sell, for this client?

So we can add all the products as we say, we have in the newest cohort, more than 75% of our clients have five or more products with us. But in terms of the NIM, so that's right, a more result of mix. And then we can capture a short-term impact on the reducing of the Selic rates going forward. So yes, that's kind of the explanation for the NIMs going forward.

Pedro Leduc - Itaú BBA

Thank you so much, Marcello. See you next time.

Marcello Dubeux - Chief Financial Officer

Thank you, Leduc.

Operator

Our next question comes from Marcelo Mizrahi with Bradesco BBI.

Marcelo Mizrahi - Bradesco BBI

Hello, guys. Thanks for the opportunity. So my question is regarding the growth of the portfolio. So if this beginning of the year is changing the ID or the budget to grow the pension news portfolio of the payroll look into the year, to this year. So if you guys can give us a little bit of – I cannot say that it's a guidance, but it's a respective in terms of growth looking forward, look into the, and also in the private payroll, as we saw a reduction of the growth of this portfolio? Thank you.

Marcello Dubeux - Chief Financial Officer

Hi, Mizrahi. Nice talking to you. So in terms of the growth, so one thing that we are able to say, as you know, we don't provide formal guidance. But we, as we already are comfortable to say that the pace of origination in overall credit portfolio is back to the pre-suspension levels, we are comfortable to say that, in respectively to what growth we will show in the first Q, we are very confident with the estimates, consensus that we have in the street in terms of reaching the total portfolio that is seeing the consensus. So that's one thing that we can say in terms of the growth of the portfolio. So we are comfortable with that.

And also applies for the private payroll. So as I said, private payroll is a product that has, we see that as a huge opportunity in terms of diversification of activities within Agi, and we have a vertical working here to develop this product and to develop the credit model specialized for this product so that we don't see growth by itself, we want to have growth in a sustainable way that brings in one hand, profitability to the stakeholders, to the shareholders, and also security to, so that we don't lose the pace in terms of the NPL. So we will also be building the growth going forward for the private payroll as well in terms of what we have in consensus or the estimates that we been in conversations with you.

Marcelo Mizrahi - Bradesco BBI

Can I do a follow-up here?

Marcello Dubeux - Chief Financial Officer

Sure.

Marcelo Mizrahi - Bradesco BBI

So, regarding the private payroll, so are you guys seeing any -- so in terms of the perspective of interest rates to this product, so are you guys seeing a worse environment in terms of competition or something that can change the idea of the growth of the mindset of how much you can grow on this product? Thank you.

Marcello Dubeux - Chief Financial Officer

Yeah, we will see this product, as I said, as two types of competition, one from the incumbents who have the relationship with this client, who know the behavior and that can model in a different way and scale fastest product, and then the challengers, right? But that have to build their models by themselves. And we, as we know, we have the experience with payroll products. We know the way the consignado INSS developed 20 years ago, and how, we know that it will take time that this product will stabilize.

But also, we are already comfortable with the credit model that we developed. We think that there is no winner-takes-all in this product. There will be a lot of demand for this product, and we'll be able to tap a big chunk, a big portion of this demand of this market going forward. Also, we have a lot of experience in doing portability because the way we work already with the other secured lending products that we have, and we'll be able also to benefit from that and to also bring more stabilized portfolios within the payroll loan by doing also portability. So that's kind of the way. I'll also pass to Felipe to complement a little bit here.

Felipe Gaspar Oliveira – Head of Investor Relations

Yes, Marcelo. I think it's important to mention that we saw the same evolution 20 years ago with the development of the rails [ph] of the products just as INSS. We have strong capabilities built on this experience to keep growing in this portfolio as well. And just to mention, I think it's important that there is no cannibalization in our case. It's a complete upside for us. We started in a more conservative way, as Marcello mentioned, but now we are ready to accelerate going forward. Thank you.

Marcelo Mizrahi - Bradesco BBI

Okay. Thank you.

Operator

Our next question comes from Renato Meloni, Autonomous.

Renato Meloni - Autonomous

Hi, everyone. Good to see you all here. Congrats on the results, on the IPO. Just first a quick follow-up on the SG&A. Can you give us an order of magnitude of how much was the provision reversal and how much was the reduction in the variable expenses there? And then my question here is a bit on rates and NIM, right? Earlier you were mentioning that you have lower rates, you're focusing on the long-term perspective here with the client. Assuming that we will have lower rates in Brazil eventually, and the government will probably try to reduce the cap rates in the regulated products. What's going to be the strategy there? Do you think you're going to be able to maintain similar rates for some time and gain some spreads there, or you're going to pass that through to clients and remain below the cap? Thank you.

Marcello Dubeux - Chief Financial Officer

Hi, Renato, Marcello here. It's good to be talking to you. So in terms of the working with this – so again, I have to reiterate that we see our approach to this market is looking at client as a whole, not at the payroll INSS as a product by itself, right? So we keep continuing, and we see ourselves as positioned to be continue to grow and gain market share in this market independent of the cycles of the economy, be it in high rates or low rates. So continue to work with this client to generate cross-sell, to generate long-term relationship.

What we see usually the correlation with the lag, so the rates will probably start to go down, it has already started to go down in Brazil, and there will be a correlation of the caps, but there is also a lag in that. So, in, within this period of time, there will be an arbitrage to capture temporarily benefit rates. But the way we have our own distribution system to operate these clients, we don't suffer, we have a bigger buffer, we understand, because we also don't have third parties to distribute this product. So when rates go down, or go up, there's also a part of the fees of more cost that, in general, the market says that we don't do. So we can kind of maneuver better the strategy of maintaining the relationship with this client.

So with that, I'll pass to Felipe to complement also this question.

Felipe Gaspar Oliveira – Head of Investor Relations

Yes, Marcello. And just to mention that this is a efficiency gain. So as we don't rely on third parties, for example, to originate credit, we are able to be more efficient not only in acquisition of the customers, but also in terms of cost-to-serve. And these unit economics provide us this leverage to keep growing and keep growing in this segment as well.

Renato Meloni - Autonomous

And just the first question on the follow-up on SG&A, if you can break that apart the two effects that you mentioned earlier?

Marcello Dubeux - Chief Financial Officer

Yeah. Meloni, it was a little bit cut off the part that you asked about the SG&A. Can you repeat that, please?

Renato Meloni - Autonomous

Oh, yeah, of course. I apologize. So you mentioned the one-off effect from legal, and then lower variable costs. Can you split that up for us and give us an order of magnitude of which effect was what?

Marcello Dubeux - Chief Financial Officer

Yeah. So it was the part of the variable was like, in terms of the reduction, I would say, 20% of the reduction came from the variable costs and 80% came from the reduction came from the provision in the law expenses.

Renato Meloni - Autonomous

Perfect. Thank you and congratulations again.

Operator

Our next question comes from James Friedman with Susquehanna.

James Friedman - Susquehana

Hi, good evening. It's Jamie with Susquehana, SIG. I wanted to ask, the company has had significant improvement in the efficiency ratios. I was just wondering how durable you see those. And if I could, as my follow-up, in terms of some of the investment considerations for 2026 and beyond, how do you see the technology investments required to address both some of the services and the expansion of the company overall? So the first is on efficiency, second is on technology. Thank you.

Marcello Dubeux - Chief Financial Officer

Hey, hi, good to be talking to you. So in terms of the efficiency ratio, we see our model as scalable to capture gains of operational leverage throughout the last years based on the strategic position that we have and based on heavy investments in technology. We see that in the future, we can still capture more operational leverage. We've been heavily investing in AI. We see, we want to see ourselves as an AI-driven company within a period of the next 24 months by being immersing all of our C-level in the AI initiatives. We have already initiatives that are measurable in the company. And I think for that, I can invite Marciano to speak a little bit of the projects that we have in place here. Marciano, please.

Marciano Testa - Founder, Executive Chairman and Chief Executive Officer

Thank you, Marcello. Great question. So I would say that we can be -- AI can be a disruptor, but also a powerful opportunity to the companies, depending how quickly a company is able to adapt and able to, into its core business, right? For many companies globally, the real challenge is not understanding AI, but it's actually integrate deeply into systems, process and future. So in our case, we see AI as a natural extension of our strategy. Agibank has been built to solve a very specific problem. We use technology to improve the lives of the largest population that is non-naturally tech-savvy, and so this puts in a very strong position today. We see AI as a significant opportunity to become a truly AI-driven bank over the next 12 to 24 months and hence in key areas such as credit underwriting, customer service, fraud preventions, collections, marketing, and overall the operational efficiency as you asked.

So another important point here that we not carry the same legacy constraints as many traditional banks. We operate on a proprietary card bank system designed to be flexible and fully integrate with the modern technology stacks. This allow us to connect seamlessly with the listed foundational AI models and external solutions without the limitation of the legacy architecture, right? So yeah, we are excited to the results that you can see. And just for, to give you, a quick color about the same impact. We have 40% in cost-wise related to our call centers, and over the next 12 months, and also our AI agents are 80% more efficient when you compare it to the human contact, so while also maintain a higher service levels and accommodating our fast pace of growing the customer-base. So basically, we see also in the fraud detection reduce 90% review the time after the fraud alerts, and also, as Marcello mentioned, the legal workflow. Today, we use our AI agents to avoid costs for process, for legal process, for litigation, and we have a very, very material result of that. So we have many players of the bank that we already use, and we see a very massive opportunity to continue to improve our efficiency ratio based on the AI impact.

Operator

Thank you. This does concludes today's presentation. You may disconnect now and have a good day.