Agi Inc. (AGBK)

Q2’26 Earnings Call

August 5, 2026

Operator
Good afternoon, everyone, and welcome to Agi's Second Quarter 2026 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
Hello, everyone, and welcome to Agibank's Second Quarter 2026 Earnings Conference Call. Thank you for joining us. I'm Felipe Gaspar Oliveira, Head of Investor Relations. Joining me today are Marciano Testa, our Founder and Chairman and CEO; Marcello Dubeux, our Chief Financial Officer; and Matheus Girardi, our Chief Client Officer. During today's call, we will discuss our second quarter results and business review, followed by a live Q&A session with our management team.

Throughout this conference call, we will be presenting certain non-IFRS financial measures. These are important measures for Agibank's management but should not be considered in isolation or as a substitute for IFRS measures and may not be comparable to similar titled measures reported by other companies. Reconciliations between non-IFRS and IFRS measures are available in our earnings release. Unless otherwise noted, all figures discussed today are presented in Brazilian reais (BRL).

I'd also like to remind everyone that today's discussion may include forward-looking statements, which are based on management's current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially. These statements are not guarantees of future performance. This outlook reflects management's current expectations and assumptions, including, among others, assumptions regarding the trajectory of Brazil's benchmark interest rate, SELIC, the pace of credit originations, the regulatory environment governing payroll-linked lending, including the INSS framework and general macroeconomic conditions in Brazil and is not guarantee of future performance. The outlook is only effective as of the date given and should not be considered updated or affirmed unless and until we do so publicly.

Before I hand the call over to Marciano, let me briefly walk you through today's agenda. We will begin with an overview of how the market environment has evolved over the past several months and why we believe the operating backdrop has become increasingly supportive of sustainable growth. Matheus will then introduce Agi+, our new subscription platform, and discuss why we believe it represents an important new avenue for customer engagement, recurring revenues and long-term value creation. Finally, Marcello will review our second quarter financial results.

With that, I will now turn the call over to Marciano. Marciano, please go ahead.

Marciano Testa
Founder, CEO & Chairman
Good afternoon, everyone, and thank you for joining us today. I would like to begin today's call by reinforcing the 3 key principles that guide our business long term. First, we live for our customers – which means that we prioritize client value when we make all of our decisions. Second, we win with technology – so we continuously enhance our technology capabilities to serve and operate in a better way. And third, we promote an entrepreneurial culture – to innovate and grow, while maintaining a disciplined focus on long-term returns. I keep these principles in mind every day and want to make sure you understand them, because they shape how we make decisions, allocate capital, and build the company for the long term.

Next, I want to share some thoughts on the evolution of our performance since the end of last year. First, walking you through the significant disruptions we had over the past year. And finally, showing you that we are still growing in this scenario, and we see the 2Q26 results as the inflection point of this trajectory. As you know, we were affected by several regulatory changes in the market, which impacted the whole sector and temporarily paused growth in new client signings and originations in the second half of last year. Our results for the 2nd e 3rd quarters, are below our normal performance levels, due to the delayed impact of 2025´s slower originations.

Since mid-April, the INSS has changed the full management and implemented a series of measures to strength governance, improving operational processes and restoring confidence across the system. These initiatives have increased confidence in the market that the regulatory environment is becoming more stable, predictable, and supportive for the long-term, sustainable development of the payroll lending market. As result of our 3 principles and business model, we were able to adjust to these structural changes and new regulatory requirements very quickly – perhaps faster than others. And I believe we are among the first companies to return to strong growth. Based on these quick adaptations, since the end of 1st quarter we started to see stronger growth in the costumer's base with principality with Agi. As a result, we grow fee business and credit originations through our hybrid platform, digital channels and in our Smart Hubs network.

As you can see on this slide, we originated over R$7 billion in gross credit this quarter while attracting more than 600 thousand new customers, reaching 7.6 million active clients - records for the company. As you will see further in this presentation, we have been able to grow at this pace while maintaining our Private Payroll portfolio grew by almost 50% quarter over quarter, with new originations doubling versus the previous quarter. Unsecured personal loan originations also increased by more than 80%, demonstrating that growth is returning across multiple products -not just a single business line.

At the same time, we continued to gain market share in INSS Payroll business, we surpassed as payers of the benefits 1,5 mm customers, we left Santander behind us. As a result, we are reaching 9.6% and an increase of 60 base points in just one quarter, reinforces that, even after all the disruptions the industry faced last year, we continue to execute well and strengthen our competitive position. Other clearest evidence that our operating engine has fully recovered is fee revenue. Fee revenues reached over R$135 million in the second quarter, an increase of more than 35% quarter over quarter. Unlike credit revenues, fees carry no provisioning dynamics and are recognized immediately, making them one of the best real-time indicators of business activity.

Based on the performance in this current quarter, we are confident in delivering even higher growth in this 3rd quarter. Taken together, these metrics give us confidence that the business has reached an important operational inflection point. The origination engine is performing at full capacity again, and we expect this momentum to continue flowing through our financial results over the coming quarters. When we grow at this pace, we absorb three costs upfront: expected loss provisions on every new vintage, the customer acquisition cost, the cost to serve, and activate them on the platform. The revenue from those same customers - interest, fees, cross-sell - accrues over the following quarters and years. In other words, this quarter's P&L carries the full cost of customers whose earnings belong to the upcoming quarters.

These improvements will take some time to show in our numbers during the next few months, because we have a natural leg between operational improvement and income statement. So, I believe our resurgence will begin to drive sequentially higher income starting in the 3rd quarter, and fully recovered in the 4th quarter, with even more force, again we are in the inflection point. So finally, the end of the quarter, we launched Agi+, our new subscription product, already showing strong engagement - an increasing number of our customers now use the platform daily or weekly, deepening each relationship, we will become a subscriber bank. The Evidence of which, is over 250 thousand subscribed in only 45 days, and we will see the positives impacts reflects in our financial statement in the further quarters.

With that, I will pass over to Matheus to cover Agi+ in detail and Marcello to present its unit economics. Thank you.

Matheus Girardi
Chief Client Officer
Thank you, Marciano. For those of you who I have not met, my name is Matheus Girardi, and I am the Chief Client Officer here at Agi. It is a pleasure to be part of this earnings call to discuss a strategic milestone we are very excited about, the launch of Agi+, our new subscription program.

Within the current challenging macroeconomic environment in Brazil - characterized by high interest rates, elevated household debt, and rising consumer credit delinquency - we took on the mission of finding a new way to deliver the solutions our customers truly need. Our clients face daily challenges that go far beyond financial products: a lack of access to private healthcare, unexpected expenses, the high cost of medication, limited internet access, and daily household responsibilities. This is precisely where we see a clear opportunity for Agi: to expand our relationship with the customer beyond financial services, increasing the customer's lifetime value with the bank, generating cross-selling opportunities, improving retention, and boosting engagement through solutions that address real, recurring needs.

This allows us to expand our relationship with the customer, increase Customer Lifetime Value, and drive recurring, predictable service revenue. Agi+ is designed as a low-cost, high-value subscription service. Available in three tiers, ranging from R$39.90 to R$59.90, the program bundles medical, residential, and dental assistance with mobile phone bonuses - and even extra services such as pet care in our premium tiers. Furthermore, all plans provide monthly credits for daily expenses, such as cooking gas, food, and groceries, ranging from R$100 to R$150. Agi+ ensures a seamless end-to-end experience, and this is key to our strategy: it creates a "sticky" ecosystem that encourages daily engagement. For the customer, the value is immediate and tangible - a subscriber on our entry-level plan can save up to R$1,500 annually.

For Agi, this model is a powerful engine for recurring service revenues, driving higher app-open frequency, improved retention, and deeper loyalty. This way, we are expanding our value proposition while also effectively de-risking our business model. We are very pleased with the launch of Agi+ and have conviction that this program represents a shift in how we engage with our customers. We look forward to seeing Agi+ become a cornerstone of our long-term growth strategy, and we are confident that Agi+ will serve as a significant lever in the evolution of Agi's service revenues, a trend confirmed by our initial adoption rates and early engagement metrics.

With that, I would like to turn the call over to Marcello, who will discuss the product unit economics and this quarter's results.

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Thank you, Matheus, and good afternoon, everyone. We are very excited about the launch of Agi+ and the revenue stream it has the potential to bring to our business.

On slide 12, we've highlighted a few early sales metrics and unit economics, which we believe are very encouraging given that the product has been in the market for less than two months. As we think about Agi+, we see a clear two-phase growth path. The first wave is driven by penetration within our existing customer base. With 7.6 million active customers, we have a significant opportunity to distribute the product through channels we already own, at a very attractive customer acquisition cost. The early results are encouraging: in just 45 days, we reached more than 250 thousand active subscriptions, with 67% of new credit originations including an Agi+ cross-sell, and 99% of our sales agents successfully selling at least one subscription.

The second wave comes from the continued expansion of our customer base. As Agibank continues to add new clients across INSS beneficiaries, private-sector workers and public servants, Agi+ becomes another scalable layer of monetization embedded in our ecosystem. Just as importantly, the unit economics are very compelling. We estimate an annual ARPAC of approximately R$600 per customer, against servicing costs of around R$118, resulting in an expected contribution margin of approximately 80%. We believe this makes Agi+ not only a highly attractive product for our customers, but also a meaningful long-term contributor to earnings and revenue diversification.

With that, let me now turn to our financial results. In the second quarter, we made further progress against our core strategic priorities, growing our customer base in Brazil with a focus on multi-product relationships, expanding our market leadership in payroll lending through new products and integrations, and maintaining our position among Brazil's most efficient and trusted financial institutions. On today's call, I will walk you through our second-quarter results in the context of a challenging macro environment and, more importantly, the positive inflection we believe is now underway across our business.

On slide 14 we outline a few of the key drivers of improvement we are seeing, with material increases in active clients, credit portfolio and INSS market share relative last year, as well as a sequential decline in our greater than 90 days NPL.

Taking a closer look at customer growth, as seen on slide 15, total active customer count increased 36% in the second quarter compared to the prior-year period and 7% quarter-over-quarter. And had 7.6 million active customers as of the end of the second quarter of 2026, which we define as those using at least one product at quarter-end. We believe this growth demonstrates the resilience of our business, as earlier explained by Marciano.

Turning to our credit portfolio on slide 16, total loan balances grew 21% year-over-year in the second quarter of 2026 to BRL 37.1 billion. Our credit portfolio maintains a healthy mix with secured loans, representing 88% of total or BRL 32.6 billion, and unsecured loans representing 12% or BRL 4.4 billion. We believe this mix brings a sustainable balance of profitability, credit quality and focus on long-term relationships with our clients. In unsecured lending, which is restricted to account holders who maintain primary relationships with Agi to mitigate default exposure while improving margins, was flat year-over-year at BRL 4.4 billion in the second quarter. Quarter-over-quarter, we see a slight decrease sequentially reflecting the short-term duration of this portfolio. However, we saw in the second quarter an increase in the number of clients with principality reaching 1.5 million clients.

Within INSS payroll credit, we continue to successfully execute against our strategy of being the disruptor of this segment in Brazil, as you can see on slide 17. Based on our strong positioning with the INSS and leveraging our competitive advantages in this segment, our market share in Q2 was 9.6%, an increase of 160 bps year-over-year. It is worth mentioning that we were able to expand our market share by 60 bps in the quarter, despite the recent periods of regulatory volatility.

In private payroll credit on slide 18, our portfolio has grown to BRL 1.4 billion, an increase of 48% sequentially and 184% year over year. It is worth mentioning that our appetite for production of this product remains strong after making enhancements to its credit model and observing good evolution in its credit quality.

With regards to credit quality of the overall portfolio, on slide 19, non-performing loans exceeding 90 days declined in the second quarter to 3.3%, reflecting normalization in defaulting cohorts. At the quarter-end, NPLs for the overall portfolio remain comfortably below the average for consumer credit in Brazil, which continues to trend up. The coverage ratio measured by provisions over NPLs over 90 days, was 182% at the end of June, a level we consider comfortable to operate the business.

On slide 20 we have aggregated the key financial KPI’s across our business, which I will now discuss in greater detail.

Turning to our revenue on slide 21. In the second quarter, we delivered a total revenue of BRL 3.2 billion, a slight acceleration and an increase of 26% year-over-year and 6% quarter-over-quarter, even considering the disruptions in the period.

On slide 22, we see net interest income growth of 11% year-over-year and 3% quarter-over-quarter to BRL 1.3 billion. The slight decline in NIM on an LTM basis is primarily due to asset mix, with a lower contribution from personal loans in the credit portfolio. Annualized NIM was flattish at 11.9% and after provisions was 6.8%, compressing 50 bps on a quarterly basis, suggesting that

the portfolio is in a normalization path after the impacts of the suspensions. While persistently high interest rates continue to weigh on spreads, we view this compression as transitory and expect margins to recover as higher-yielding vintages season and our asset mix normalizes.

Moving to efficiency on slide 23, which highlights the operating leverage embedded in our unique and highly scalable business model. Our operating efficiency ratio which we calculate as NII plus fee revenues divided by operating and personnel expenses, increased to 48.9% in the second quarter, up 570 basis points quarter-over-quarter. This increase mainly reflects operating expense growth, tied to the acceleration in principality clients and in our credit portfolio, costs we incur ahead of the revenue these relationships generate.

Continuing down the income statement and to slide 24, recurring net income in the second quarter reached BRL 200.3 million, an increase of 7% over the previous quarter, indicating that Agi's profitability improved quarter-over-quarter.

Now onto our funding approach on slide 25. As a regular debt issuer, Agi maintains established relationship within Brazil's credit markets, diversifying funding sources to support portfolio expansion. As a result, total deposits reached BRL 39.9 billion, an increase of 18% from the second quarter 2025. Institutional counterparties now representing up to 62% of total funding, while retail sources came down to a share of 38%. Recently, Agibank also received credit rating upgrade from both Moody’s and Fitch Ratings, who raised up a notch the bank’s credit rating from AA- to AA. These upgrades are a significant demonstration of confidence in Agibank’s business model.

Moving to equity on slide 26, it increased by 63% in June 2026 compared to the prior year period, reflecting receipt of the net proceeds of the IPO. Return on equity over the last 12 months was stable at 21.6% impacted by the proceeds of the IPO now being accounted for in the net equity.

On Slide 27 you can see our total assets have grown to R$51.1 billion, an increase of 33% year over and representing a 1.7% trailing twelve-months increase in ROA, driven by the growth of the Credit Portfolio.

Lastly, as you can see on slide 28, our capital adequacy ratio consolidated at the holding level declined 60 bps to 18.7% in the second quarter, with a Tier 1 capital ratio of 17.6%, also reflecting the receipt of the net proceeds from the IPO. These are comfortable levels of capital adequacy, allowing us to continue investing in customer growth and technology while maintaining disciplined focus on long-term returns. As Marciano mentioned, we believe we have compelling evidence of a recovery in the business, both in our credit products and in our fee-based revenue. Looking ahead, we are encouraged by improving trends in the business and are confident in Agi's long-term investment thesis and our ability to execute towards a full recovery in 2027. 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?

Questions and Answers

Operator
The first question comes from Jorge Kuri with Morgan Stanley.

Jorge Kuri
Morgan Stanley
I have 2 questions, if I may. The first one is on your private payroll loans, growing 48% quarter-on-quarter and not coming from a small base anymore. I mean you've been one of the leaders in that product. What gives you comfort that, that is the right level of growth? And then you're not going to end up with higher NPLs. It is still a relatively untested product. Some of your peers that have gone aggressively into the product have seen first payment default and delinquency levels that are well above expectations. Just want to get some comfort on why a 50% increase in one single quarter is the right level of growth without putting too much risk on the balance sheet?

And my second question is if you can address your pretax profit, which was BRL 115 million, if I'm correct, down 47% quarter over quarter, missing consensus by, say, 50%. What exactly happened there? And to what extent is this transitory? Is this a new level of underlying profitability? Just help us understand this very surprising decline in pretax profit.

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Thank you, Kuri, for your question. Good to talk to you. So, this is Marcello. I will answer both questions. So first of all, in the private payroll loans we previously mentioned in the first quarter, we had arrived at a quality of credit modeling where we were comfortable in accelerating growth in this product at a level of circa BRL 200 million per month of origination. That's what we did. So the 50% comes from a fixed number at a smaller base. But it's kind of the same pace we want to continue to go over in the future from BRL 200 million to BRL 250 million net origination per month.

And what gives us comfort is that we are looking into this product as providing us good quality of first payment default below teens level. And as we improve using technology, data, AI in credit modeling over time. Remember, we took a step back in the end of last year, reduced a lot in the production of this product. We tested a lot of the models, and we arrived at the point that we are comfortable in having this pace of growth now at BRL 200 million, BRL 250 million per month in this product.

And another point is that we look at a product with the loss absorption concept, right? So, we take the cost of credit, and we divided the NII of the product over the cost of credit expected for that product. And if you reach a number that is

1.4x, 1.5x that, we have appetite to continue growth in that product. And that's what we are getting from this product, and we'll continue to do so. So this is what we see for the private payroll. And also, that is a product that can bring us cross-sell of other products -- other services products as we have in the portfolio, brings us with more relationship with the clients that we originate. So today, out of the 7.6 million clients that we have, we have a big portion of those clients that are from the private sector, not only for the private payroll specifically, but the private in general. So circa half of the clients are from the private sector, and the other half are from the social security system.

So, we are indeed continuing to have appetite and continue growing in this product. Always, we are cautious on taking very seriously the provisioning, as you saw. And then you link to your other question, right, on the earnings before taxes. One of the reasons for the -- and the transitory name that you used, I think, is very appropriate for this number because we are planting the seeds in the operational side for a much stronger second semester. As we have been saying the whole year, we are in a recovery phase. We were able to grow portfolio across the franchise in the INSS payroll credit, in the private payroll credit.

Our unsecured credit also -- the origination also grew very strongly. You don't see that in the balance of the portfolio because of 2 factors, specifically for the unsecured, the short-term duration of the amortization and also we have in the second quarter, the amortization of the 13th salary in Brazil in May, which, in our case, is part of our unsecured portfolio as well and contributes to reduce this portfolio momentarily, but we are in a pace of origination that will bring us to growth again going forward. So, what happens is as we grow on the operational side very strongly as we did in this quarter and growing the number of clients, growing the number of clients with principality, reaching 1.5 million clients. All of that makes us to absorb the costs upfront.

As Marciano mentioned in his speech, the expected losses is the cost to serve these clients and the transactional cost that is involved in serving all of this increased amount of credit origination and new clients. What we see is that all of that will eventually compound month-over-month and the escalation in the NII is as a technical explanation is mathematically has to happen over time. And we have under control the expenses going forward. We think it's in a normal pace of growth. So transitory is what we really believe in the number in terms of the earnings before taxes.

On top of that, we see the fee business as very strongly, not only in this quarter, growing 35%. But if you open the notes, you see that specifically the brokerage fees line grew of almost 80% in the quarter, which means that the business is recovering at a very healthy pace. And on top of that, you might have seen today, we launched the Agi+, a product which will add another very stable stream of revenue to our results. So, we are very confident with the place where we are now operationally. And financially, we are momentarily with these adjustments, but in a very good position for the second half.

Jorge Kuri
Morgan Stanley
If you don't mind, can I do a follow-up on this last part?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Sure.

Jorge Kuri
Morgan Stanley
I want to make sure it's clear. So if I understood correctly the rapid acceleration in loans, particularly private sector payroll loans, required an up from investment that is pressuring your pre-tax profit more than expected. Also, because the growth was higher than expected. Now how do I think about the provisioning? Because if I look at your provisions for the quarter at $562 million, that was up 12% quarter-on-quarter, which is obviously nowhere near this very rapid growth you're seeing in private payroll loans. Or am I just not able to look exactly at what the provisioning is for that specific product and to what extent you think that it is really the provisions that show that upfront investment or is there anything else on the P&L that you think is not going to be recurrent at this high level going forward, because it's related to that growth that we saw in the second quarter?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Yes. So, for the provisions, if you look at the cost of credit in percentage, it's a bit higher, but very slightly in terms of the percentage, 5.9%. And that is due to the mix, right? So, when we add more of the product that has higher provisions like the private payroll and the pace of growth, it brings us to a higher necessity. So, we take very seriously the 4966 CMN instructions to provision in our balance sheet. And on top of that, our NPLs went down, right, as you could see, with the coverage ratio also going up with 180%.

For us, everything matches and goes together with the growth that we saw in the mix that we had in this quarter. In terms of expenses, what we saw is, as I said, expenses that are part of the expenses that are variable with the number of clients and the originations and the transactional expenses. So, part of that is due to technology involved. Part of that is due to the cost to serve the new clients with principality. And that will be surpassed by the compounding of the revenues and the growth of the NII going forward. This is a natural consequence when we grow very fast. The expenses come first and then the compounding will come in the second stage. But the size that we see of -- in the income state that expenses in general expenses occupy there, I think it is appropriate for the size of the company.

Operator
The next question comes from Tito Labarta with Goldman Sachs.

Tito Labarta
Goldman Sachs
A couple of questions also, if I may. I guess, first on the -- you mentioned this quarter should be an inflection point, and we're seeing some of that growth. But how do you think about the profitability from here going forward, right? Because you're having to book additional provisions given the growth in private payroll. I mean; I guess that could be a short-term headwind. You also had a very negative tax rate. I mean, almost half of your earnings were from a tax benefit. How should that evolve going forward? How do we think about the tax rate from here? Just to think about given that like to really recover profitability, you really need to grow earnings and pre-tax earnings at a very strong pace, considering a more normalized tax rate.

And then my second question is maybe to get a little more color on the Agi+, right? It seems to have a nice uptake with only 45 days. Can you give some color in terms of where you're seeing? Is it more in the entry, the medium or the premium where there's the most interest? And how quickly do you think that can really expand into your client base, right? If you have 250,000 today, do you have targets or even initial color on how quickly that can penetrate your client base?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Hi Tito, good to be talking to you. And then so just starting with your last part of the question. At Agi+, yeah, you're correct. We are at a very strong pace of penetration in our customer base. We see this product, you know, the entry package as the stronger in terms of selling. But on average, you know, the average ARPAC will be BRL 600 per year with 80% contribution margin. What we see is that it is possible to reach 1 million clients by the end of the year in terms of subscribers. So, it is a very strong contributor to profitability that we see now that hasn't contributed a single reais in the second quarter in our revenues. So, if today we already have 250,000 subscribers, we do the math, it is going to be a good contributor to the fee revenues in the income statement going forward. And the penetration continues, the cross sell continues to be very strong and improving over time. So, this is one part of your question.

The second part is the earnings before taxes. You are right. So, the focus here, of course, we know and we understand that although net profit grew, we understand the slowdown in the pre-tax profitability. And all what we are seeing on the operational side will put us in position or already put us in position. We already passed the point of inflection. I can comment about July operational results already. So, July continued to operate at high pace of origination in all of the products that we work with. So, we continue to plant the fees to have compounding revenues and compounding net interest income to have the operational leverage we need to go back to increasing profitability in the

earnings before taxes. So that's why we say we are in a strong position for the second half of the year and will be probably sequential in terms of how we can demonstrate that over time.

So, it's a technical explanation because we have the expenses shouldn't move in a very abrupt way over the quarters, but the NII has the potential and the fee business has the potential to compound strongly over the course of the next months. And in terms of the provisioning, we don't see -- we haven't seen much of big changes, in percentage terms, as I said, so 5.9%. We've been saying between 6% or low 6% and the NPLs from 3.5% to 4%. We are now at 3.3%. The coverage ratio, 180%. The coverage ratio of 180%. So, we are very comfortable with a large cushion of provisions to go forward. So also, that's something a point of comfort in our numbers.

And then talking about the negative effective tax rate. It's a combination of a few components. First, the cash from the IPO proceeds are allocated into eligible instruments offshore. Right. And they have separate tax treatment, and they are structural, you know, in our balance sheet the way we manage. Then deferred tax assets in the period includes the tax losses are a result of the current organization structure that I have. And third, which is the reason of this magnitude, is the lower pre-tax base, as we had the lower pre-tax base, it could not, you know, the current tax could not offset the deferred taxes that we saw in the quarter. So, I would say, directionally, -- as the pre-tax, the earnings before tax recovers, the rates normalizes upward going forward, if that makes sense to you.

Tito Labarta
Goldman Sachs
Yes, it does. No, that's helpful. Thanks, Marcello. So just to clarify, I guess cost of risk sounds like it should remain around 6% and the tax rate may be harder to figure out. How should that normalize from here? Like we should just stay negative in the short term. Does it get back to positive quickly? Just any color on how do you think at least maybe the full year tax rates are going into next year?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Yes. I mean we won't say a number here, but it will normalize upward, probably at some point, going again on a positive side in the short term, not probably maximum in the end of the year, fourth quarter, but eventually still in the third quarter. It's still early to determine here, but it will normalize upward for sure.

Operator
The next question comes from Arnon Shirazi with Citi.

Arnon Shirazi
Citi
My main question here is regarding the core fees, and how they're evolving. I see that for this quarter, we have a positive effect coming from Agi+, which you explained the addition of 250 thousand subscribers with an average fee of BRL 50. But besides that, the core, how we can see that the insurance distribution is recovering this quarter?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Arnon, thank you for your question. Yes. So first of all, Agi+ still haven't had any benefit for the second quarter. We will have that starting and contributing in the third quarter, which has potential to be a very strong contributor, as I said. And talking specifically about the core fee business in the second quarter, if you take a look in the fee business note and you see the line of the brokerage fees, you can see there that we almost got 80% increase in the fees generated in the quarter, which is a consequence of the high growth of the products that we have and the new clients that we could originate and it's a phenomenon that we believe continue to in an improving path in the second part of the year. So, we're very comfortable with the core fee business part.

There's one part of the fee business which is the portability fees that we receive when the client is exported out from the bank to other bank, which was smaller this quarter, which was due to the new regulations, the provisional measures that the government issued in May, tied to the "Desenrola" program, but is still temporary. We don't know if it will continue or not. And that is a small part of the fee business.

Operator
The next question comes from Renato Meloni with Autonomous Research.

Renato Meloni
Autonomous
So first a bit on the NIM and loan mix. You mentioned earlier, well, actually, even before that, last quarter, you said that the expectation was that unsecured loans would again gain more share and that didn't happen this quarter. And the reason for that is that you explain it seasonal So, I wonder what went differently given that the advanced payments for 13th salary should have been embedded in your expectations. And then I would like to know like when do you see that mix shifting again towards unsecured lending?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Renato, thank you for the question. Yes. So, starting by the last part of the question, yes, of course, the high interest rates in Brazil continue to weigh on spreads overall across the industry. So, we still have a high interest rate. In terms of funding, we don't have a different structure of funding. It, it's getting better and improving every quarter as this quarter, a few weeks ago, we got

upgraded by 2 different credit rating agencies, Moody's and Fitch from AA- to AA. And our average cost of funding on average of the portfolio continues to go down every month, a few bps. What happens is at some point in the calendar, we issued that in different sizes.

And specifically, this quarter, we issued another FIDC, which is a very sizable check of BRL 2.5 billion. And that also weighs on the margins because it's a funding ahead of the origination before we deploy capital. So, we carry a little bit of time this cash in the balance sheet when we do that. But it's a very good way to have financial planning to deploy capital over the years. So, we continue to do this type of funding in our structure. In terms of the overall NIM, well, we advanced to you in the last quarter that the unsecured part of the credit portfolio was reduced because of the short-term duration. And what we needed to do is to increase origination. It's exactly what we did in this quarter.

We increased origination by 80%. The net origination of unsecured loans increased by 80% in the quarter. And what happened is that on top of the natural amortization, we had also the 13th salary. So, what we are set to do is continue to originate in the unsecured part together with the private payroll loans as well to bring back this NIM to an upward movement instead of being flat as it is in this quarter. So, we believe we have all the conditions, and the operational part of the business demonstrates to us that we can do this in the second half of the year.

Renato Meloni
Autonomous
And do you have any expectations of when the NIM will inflect and start going up?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Well, this is a matter of a few months having more origination, it's a technical calculation, right? So, although we still don't have the absolute number of our portfolio balances in unsecured growing more than the secured part, the NIM won't bounce back. It's a matter of time, but we won't set here a specific quarter to provide you with the improving number. Also, we are in an environment that SELIC rate is above the expectation from everyone, 6 months ago, we were expecting SELIC to be at least 100 bps lower than it is now. So, it depends on what will happen with the base rates as well.

Operator
The next question comes from Marcelo Mizrahi with Bradesco BBI.

Marcelo Mizrahi
Bradesco BBI
Question is regarding the expenses again. So just to understand, so first, looking forward, so you guys believe that the level of expenses on the G&A expenses are enough to sustain the growth of the bank looking forward. So, you don't expect any more growth looking forward? And also, can you give us a breakdown of this growth in G&A? What drives the growth in this quarter?

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
So yes. So, in terms of the overall size of expenses, we believe is very well in line with the size of number of clients that we have in the portfolio. So, we don't see big movements going forward. Instead, exactly what happened in this quarter, the part that is variable, the number of clients that we have principality, where we see to have the cost to serve per client per month as we increase the number of clients and the transactional and technology part that we invest a lot of AI and the usage of AI and tokens. So, when we improve and increase the usage of technology, of course, we use more expenses. But it is a relative smaller part of the total expenses that is variable.

Operator
Thank you. With this, we conclude today's presentation. Thank you all for your participation and have a nice evening.

Marcello Winik Dubeux
Chief Financial & Investor Relations Officer
Thank you.