Agibank (AGBK)

Volumes Back on Track; Beat Driven by Taxes

3Q26 Earnings Review

We view Agibank's 3Q26 as a quarter of stronger operating momentum, with accelerating loan growth and fee generation partially offset by continued pressure on profitability after provisions. While EBT came in-line with our estimates, net income reached R$276 mn (+38% QoQ; +24% vs. XPe), while ROAE improved to 24.0%, impacted by a tax gain benefit. Loan originations were supported by both INSS and private payroll lending, while fee income was a key positive note, reaching R$244 mn (+9% vs. XPe), driven by insurance brokerage and the rapid scaling of Agi+, which surpassed 700k subscribers. NII came broadly in line with expectations, but NIM after provisions declined further due to upfront provisioning associated with stronger origination volumes. Credit performance remained within expectations, though the continued reduction in coverage levels warrants closer monitoring as the portfolio mix shifts toward higher-yield products. **Overall, while reported net income benefited from non-recurring tax effects, underlying operating trends remained constructive, with management expecting margin recovery from October onward and capital levels remaining comfortably above regulatory requirements.**

Loan growth accelerated meaningfully, supported by market share gains. The loan book reached R$38.8 bn (+4.5% QoQ; +12.5% YoY), while originations climbed to R$10.2 bn (+43% QoQ), the highest level in six quarters, following the reversal of Desenrola 2.0 restrictions in late August. Growth was driven by both franchises, with the INSS portfolio expanding 3.3% QoQ and market share reaching 10.0%, while private payroll loans increased 60.5% QoQ to R$2.3 bn. Management, however, expects origination trends in INSS to normalize in 4Q26.

Asset quality remained within guidance, despite the continued decline in coverage. NPL 90+ increased to 3.5% (+20bps QoQ; +90bps YoY), largely reflecting the higher contribution from private payroll loans, while the cost of risk rose to 6.1%. More notably, provision balances declined by R$82 mn QoQ despite 4.5% portfolio growth, reducing the coverage ratio to 157% from 183% in 2Q26.

NII was broadly in line, though profitability after provisions remained under pressure. NII reached R$1.3 bn (-0.4% vs. XPe), as lower funding costs largely offset a R$158 mn decline in gains on financial assets. Meanwhile, NIM after provisions fell 50bps QoQ to a new low of 6.3%, reflecting the upfront provisioning associated with stronger origination volumes. Management expects margins to begin recovering from October onward.

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Agibank (AGBK)	**Buy**
Target Price ($/shr.)	10.0
Current Price ($/shr.)	5.4
Upside (%)	*85.2%*
Market Cap ($ mn)	862
Free Float (%)	*46.1%*

Figure 01: Agibank 3Q26 Earnings Results

Key Figures | R$ mn	3Q26	3Q26E	A/E	2Q26	Q/Q	3Q25	Y/Y
NII	**1,319**	**1,324**	**0%**	**1,301**	**1%**	**1,198**	**10%**
Cost of Credit	(614)	(603)	2%	(562)	9%	(443)	39%
EBT	**187**	**187**	**0%**	**115**	**63%**	**219**	**-15%**
Net Income	276	249	11%	200	38%	210	31%

Fee income was the key positive surprise this quarter, driven by stronger insurance brokerage revenues and the first full-quarter contribution from Agi+. Fee income reached R$244 mn (+80.1% QoQ; +29.8% YoY), coming in 9% above XPe estimates. Agi+ continued to scale rapidly, surpassing 700k subscribers versus 250k in early August. Operating efficiency also improved meaningfully, with the efficiency ratio declining to 44.2% (-470bps QoQ), as operating expenses remained broadly stable despite stronger origination activity. Personnel expenses fell 11.2% QoQ due to lower bonus accruals, while SG&A was virtually flat (-0.8% QoQ), highlighting continued cost discipline.

Profitability recovered sequentially, supported by a one-off tax benefit. Pre-tax income reached R$187 mn (+62.8% QoQ), broadly in line with our estimates. Net income, however, benefited from an R$89 mn tax gain, including R$153 mn in deferred tax effects related to the tax-efficient allocation of IPO proceeds, lifting reported earnings to R$276 mn. On the capital front, the Basel ratio stood at a comfortable 18.1% (Tier 1 of 17.2% and CET1 of 16.4%), while management announced a share buyback program of up to 3mn shares, equivalent to approximately 1.9% of the outstanding float.

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