

Banking credit – Greater dynamism reflecting an 8.8% yoy real growth in August

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- Banxico just published its banking credit report
- Banking credit expanded 8.8% yoy in August, above the 3.3% observed in Aug'14
- Consumption credit expanded 4.5% yoy in real terms
- Housing credit increased 9.8% yoy in real terms, while corporate credit expanded 10.7%
- Non-performing loans stand at 2.9%, below the 3.3% observed last year

Banxico published today its monthly banking credit report. Today's report shows that banking credit in August expanded 8.8% yoy, significantly above the 3.3% observed in August'14, and above the average expansion in the area of 7.1% yoy observed so far this year. Taking a look at the breakdown, consumption credit expanded 4.5% yoy. Within this component, credit cards decreased 0.6% yoy, while personal and payroll credit increased 1.9% and 17.1% yoy respectively. Moreover, credit for durable goods edged-up 8.4% yoy. Finally, housing credit increased 9.8% yoy, while corporate credit grew 10.7%.

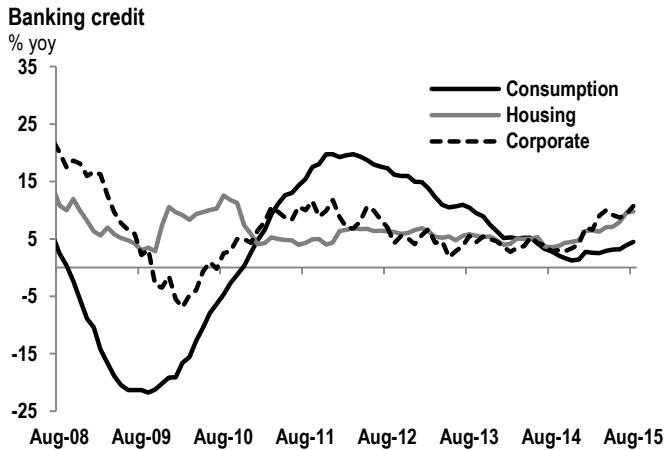
Banking credit in August

% yoy in real terms	Aug-15	Jul-15	Jun-15	Aug-14	Jan-Aug, '15	Jan-Aug, '14	3m-average
Total credit	8.8	7.7	6.9	3.3	7.1	4.5	7.8
Consumption	4.5	3.9	3.2	2.9	3.2	4.5	3.9
Credit cards	-0.6	-0.7	-1.2	-0.1	-1.1	2.2	-0.8
Payroll	17.1	16.7	17.0	13.4	16.4	13.3	16.9
Personal	1.9	0.5	-0.4	8.5	1.3	10.8	0.7
Durables	8.4	7.7	6.4	-2.8	4.9	-1.8	7.5
Housing	9.8	9.6	8.0	3.6	7.6	4.5	9.1
Companies	10.7	9.4	8.7	2.9	8.8	3.7	9.6

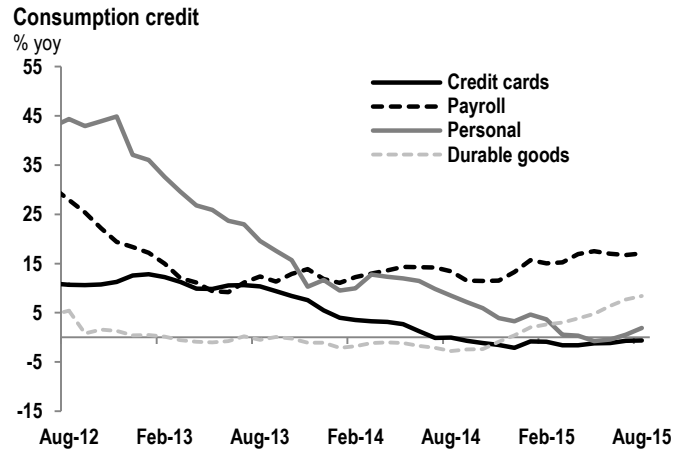
Source: Banxico

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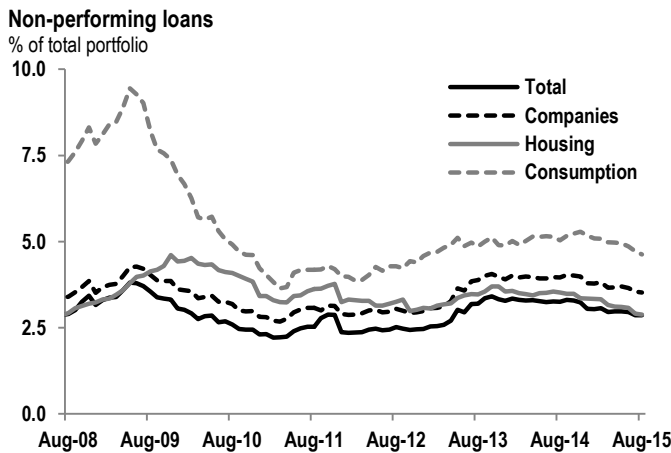
Non-performing loans stand at 2.9%, below the 3.3% observed in August'14. By components, non-performing loans in the consumption segment stood at 4.6% in August. Credit card NPLs reached 5.3% of total portfolio, while NPLs in payroll, personal and durable goods credits are at 3.1%, 6.5%, and 2.3%, respectively. Moreover, non-performing loans in housing credit stood at 2.9%, while corporate credit NPL's reached 3.5% of total portfolio.



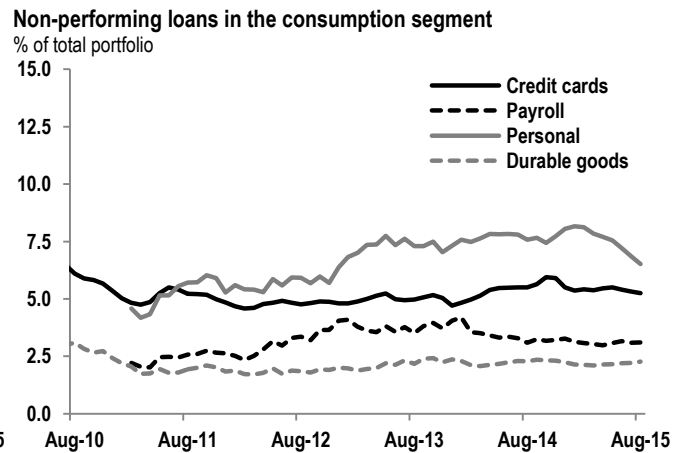
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We believe the better growth prospects for private credit will continue in 2H15. Year-to-date, we have seen a significant spike in private banking credit, given the more visible recovery of the Mexican economy, which has resulted in an increased credit demand by the private sector and greater credit supply by private banks, also reflected in the recent recovery in consumption credit. Moreover, the upward trend in payroll and durable goods credit displays the better growth dynamics in the Mexican formal labor market. In this context, we believe that the upward trend in private loans will continue during the second half of 2015, and will sustain part of the recovery in the Mexican economy.

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