

Banking credit – January’s figures continue to support our call of a swift recovery

February 29, 2016

- Banxico just published its banking credit report
- Banking credit expanded 12.4% yoy in real terms, above the 11.7% observed in the previous month
- Consumption credit expanded 8.9% yoy in real terms
- Housing credit increased 10.1% yoy in real terms, while corporate credit expanded 15.8% in January
- Non-performing loans stand at 2.5%, below the 3% observed in Jan’14

www.banorte.com
www.ixe.com.mx
@ analisis_fundam

Saúl Torres
Analyst, Mexico
saul.torres@banorte.com

Banxico published today its monthly banking credit report. Today’s report shows that banking credit in January expanded 12.4% yoy, above the 11.7% observed in the previous month. Taking a look at the breakdown, consumption credit expanded 8.9% yoy. Within this component, we highlight that in the last 3 months credit cards posted a positive rate, with a 1.9% yoy increase in January, after 16 consecutive months in contraction (Jul-2014 to Oct-2015). Moreover, personal and payroll credit increased 15.4% and 17.2% yoy respectively. Similarly, credit for durable goods edged-up 11.2% yoy. Finally, housing credit increased 10.1% yoy, while corporate credit grew 15.8%, its highest level since 2009.

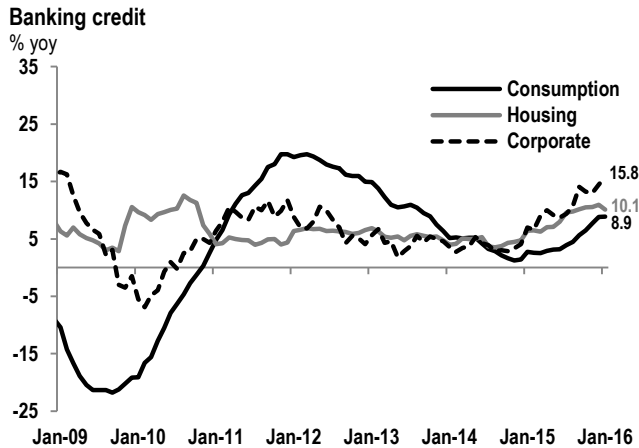
Banking credit in January 2016

% yoy in real terms	Jan-16	Dec-15	Nov-15	Jan-15	2015	2014	3m-average
Total credit	12.4	11.7	10.4	6.2	8.4	4.2	11.5
Consumption	8.9	8.8	7.7	2.7	4.5	3.5	8.5
Credit cards	1.9	2.1	1.0	-0.8	-0.5	0.9	1.7
Payroll	17.2	17.5	18.1	15.7	16.5	12.8	17.6
Personal	15.4	15.1	12.3	4.6	5.0	8.8	14.3
Durables	11.2	11.0	10.1	2.0	6.5	-1.6	10.8
Housing	10.1	10.9	10.6	6.4	8.6	4.4	10.5
Companies	15.8	14.5	13.0	7.0	10.5	3.6	14.4

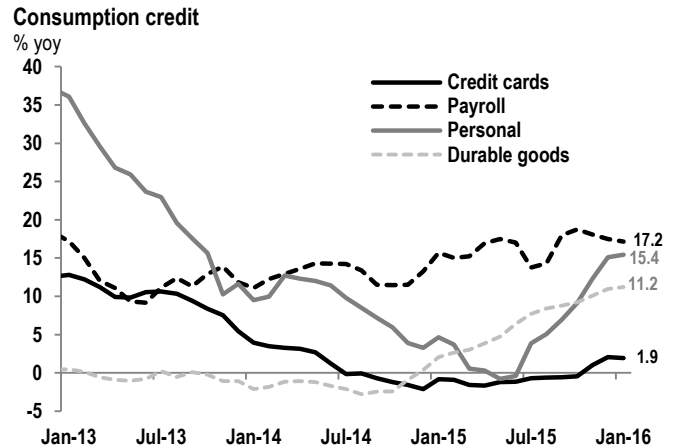
Source: Banxico

Document for distribution among public

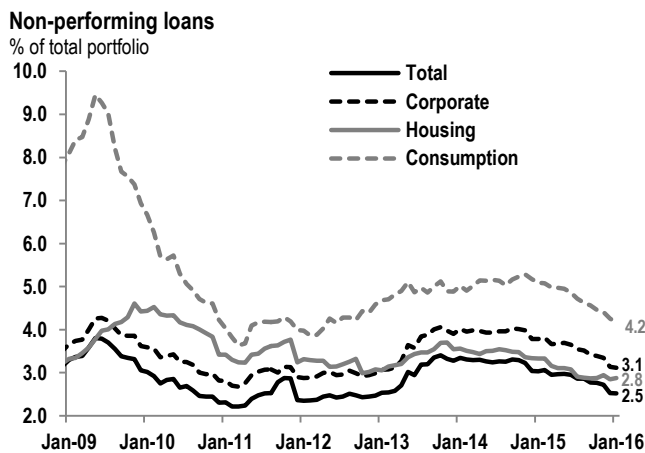
Non-performing loans stand at 2.5%, below the 3% observed in January'14. By components, non-performing loans in the consumption segment stood at 4.2% in January. Credit card NPLs reached 5% of total portfolio, while NPLs in payroll, personal and durable goods credits are at 2.9%, 5.3%, and 2%, respectively. Moreover, non-performing loans in housing credit stood at 2.9%, while corporate credit NPL's reached 3.1% of total portfolio.



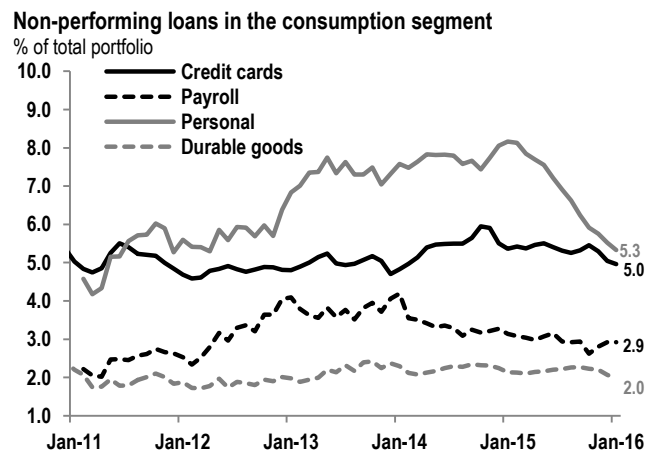
Source: Banorte-Ixe with data from Banxico



Source: Banorte-Ixe with data from Banxico



Source: Banorte-Ixe with data from Banxico



Source: Banorte-Ixe with data from Banxico

We believe the better growth prospects for private credit will continue in 1Q16. In 2015, we observed a significant surge 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, which has 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 first quarter of 2016.

Disclaimer

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454