

# Banking credit – Credit holds its upward trending

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- **Banxico just published its banking credit report**
- **Banking credit expanded 7.3% yoy in May, above the 5.6% observed in the same period last year**
- **Consumer credit expanded 3.2% yoy in real terms**
- **Housing credit increased 7.1% yoy in real terms, while corporate credit expanded 9.4%**
- **Non-performing loans stand at 3%, below the 3.3% observed last year**

**Banxico published today its monthly banking credit report.** Today's report shows that banking credit in May expanded 7.3% yoy, above the 5.6% observed in May 14. Taking a look at the breakdown, consumption credit expanded 3.2% yoy. Within this component, credit cards decreased 1.2% yoy, while personal credit fell 0.8% yoy, and payroll credit increased 17.5%. Moreover, credit for durable goods expanded 4.7% yoy. Finally, housing credit increased 7.1% yoy, while corporate credit edged-up 9.4%.

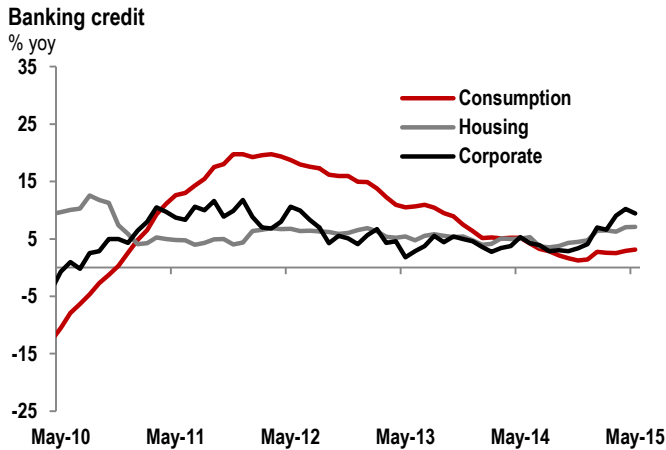
## Banking credit in May

% yoy in real terms	May-15	Apr-15	Mar-15	May-14	Jan-May, '15	Jan-May, '14	3m-average
Total credit	7.3	7.6	6.8	5.6	6.7	4.8	7.2
Consumption	3.2	2.9	2.5	5.2	2.8	5.2	2.9
Credit cards	-1.2	-1.6	-1.6	2.7	-1.2	3.3	-1.5
Payroll	17.5	16.9	15.2	14.3	16.1	12.8	16.6
Personal	-0.8	0.3	0.5	12.0	1.6	11.3	0.0
Durables	4.7	3.9	3.0	-1.2	3.3	-1.5	3.9
Housing	7.1	7.1	6.2	5.1	6.7	4.6	6.8
Companies	9.4	10.2	9.0	5.3	8.5	3.8	9.6

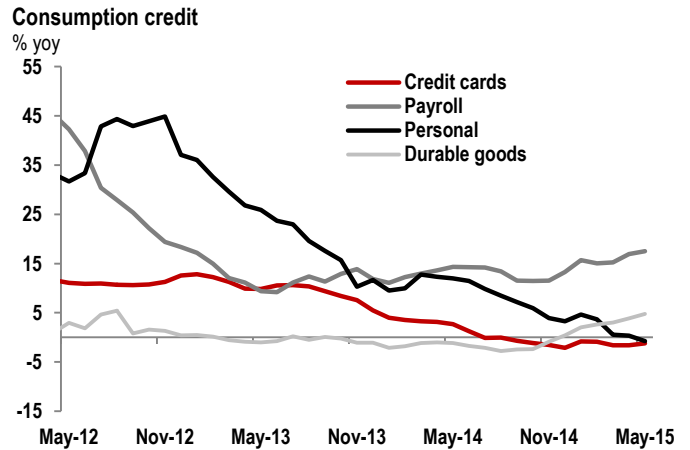
Source: Banxico

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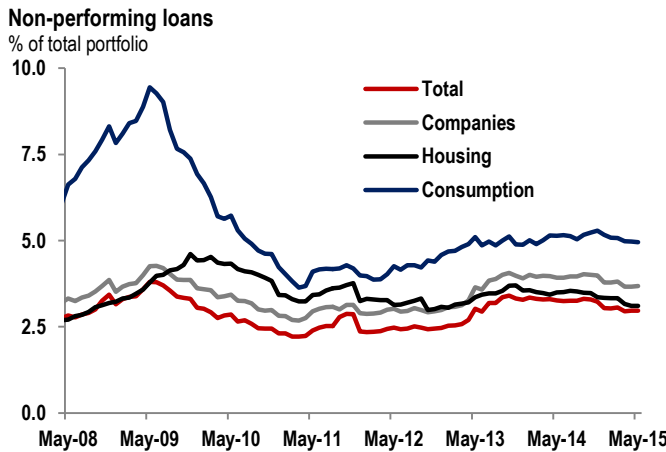
**Non-performing loans stand at 3%, below the 3.3% observed in May 14.** By components, non-performing loans in the consumption segment stood at 5% in May. Credit card NPLs reached 5.5% of total portfolio, while NPLs in payroll, personal and durable goods credits are at 3.1%, 7.6%, and 2.2%, respectively. Non-performing loans in housing credit stand at 3.1%, while corporate credit NPL's reached 3.7% of total portfolio.



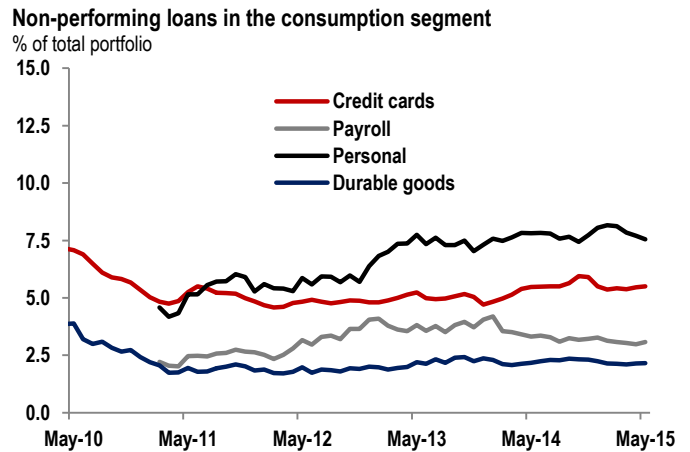
Source: Banorte-Ixe with data from Banxico



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**We believe the better growth prospects for private credit will continue in 2H15.** During the first five months of the year, 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. In this context, we believe that the upward trend observed in private loans will continue during 2015 and will sustain part of the recovery in the Mexican economy the second half of the year.

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