

## Banking Credit: Monthly Situation Report

Fco. Javier Morales E.  
fj.morales@bbva.bancomer.com

- In June 2009, the total current credit balance that commercial banks granted to the private sector saw a 3.7% real annual fall.
- Corporate and mortgage lending continued to record positive growth, although at a slower rate.
- Credit to non-banking financial intermediaries and consumers continued to post negative growth rates.

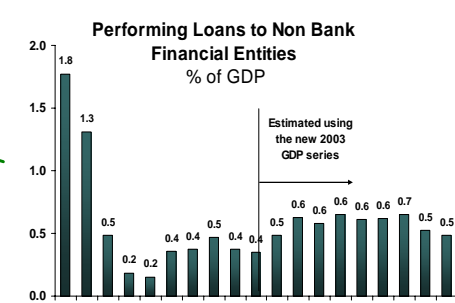
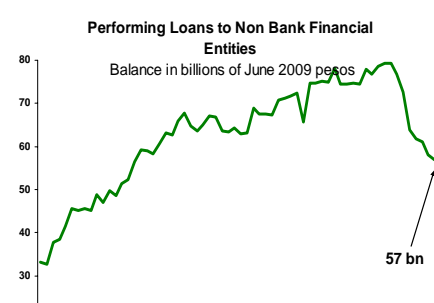
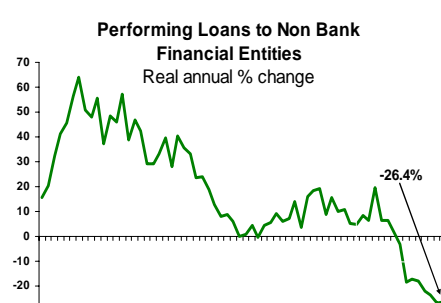
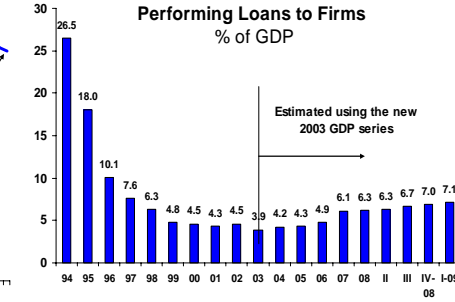
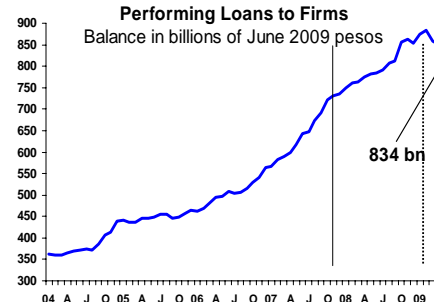
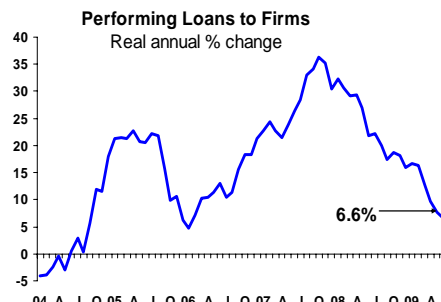
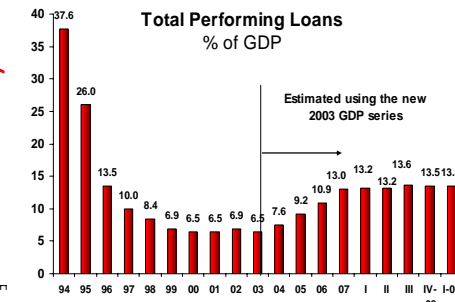
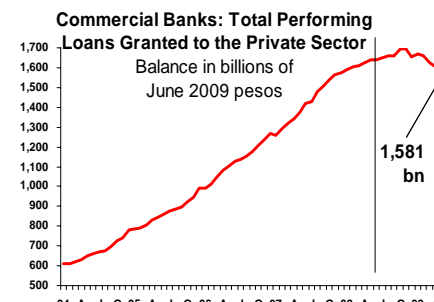
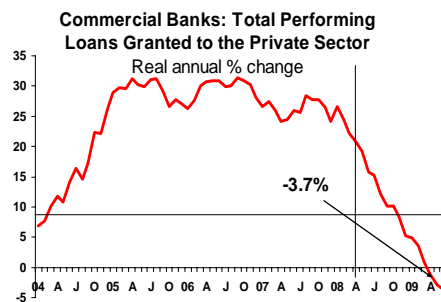
### Overall current credit from commercial banks to the non-banking private sector

In June 09, real annual overall growth in current credit from commercial banks to the private sector came in negative at -3.7%. In the previous month, this rate was also negative (down 2.8%). In the same month in 2008 growth was positive and into double digits (15.8%). A sector breakdown for the -3.7% growth rate shows: company credit accounted for 3.1 percentage points (pp) of the -3.7%; mortgage lending, 0.8 pp; non-banking financial brokers, -1.2 pp; and consumption loans, -6.4 pp.

It is worth noting that since June 09 the Bank of Mexico's statistics have not considered the consumption loan portfolio transfer to a NBF1 subsidiary, as some banks did in 2008. Now it has gone back to showing the consumption loan portfolio and NBF1 loan portfolio in the same way as it did up until Feb 08.

### Current Company Credit

In June 09, real annual corporate lending growth was 6.6%. This rate was lower than for the preceding month (7.8%) and for the same month of 2008 (21.7%). This credit grew at high rates in 2007 and 2008 when banking credit replaced external company financing. From 2008 onward the growth rate started to ease off due to the slowing economy. This has been even sharper in 2009 due to the fact that the balance has not only stopped increasing, it has actually dropped slightly since March 09.



Source: Banco de México

**Current Credit to Non-banking Financial Intermediaries**

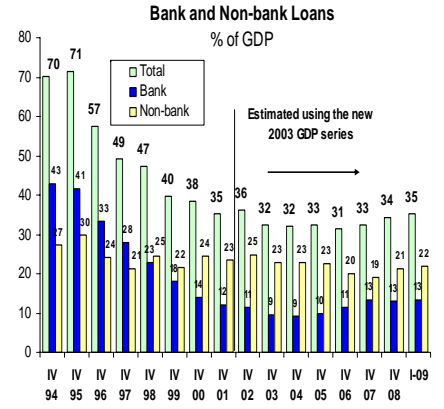
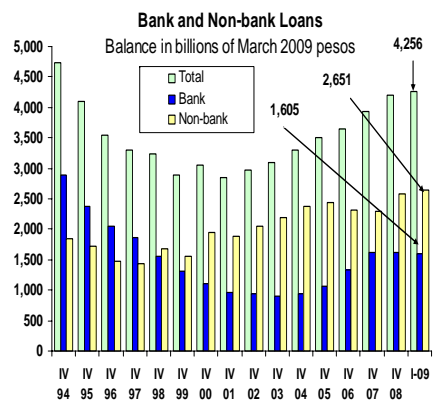
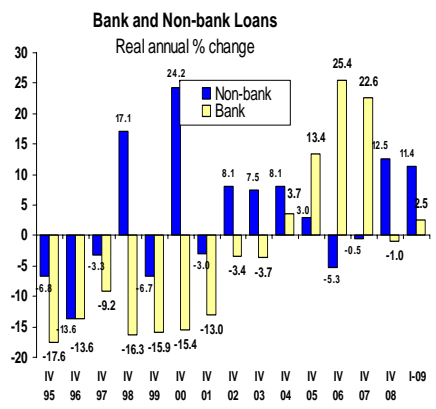
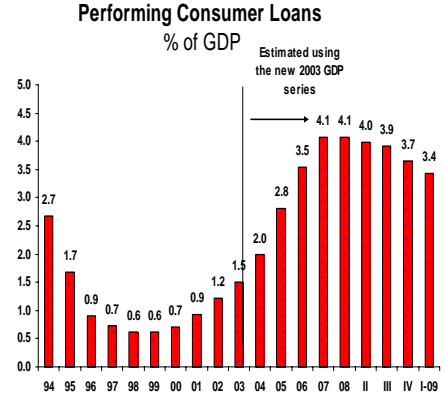
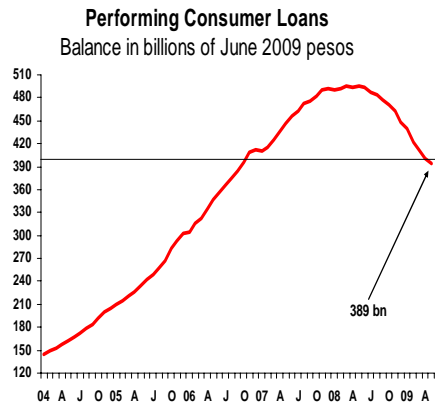
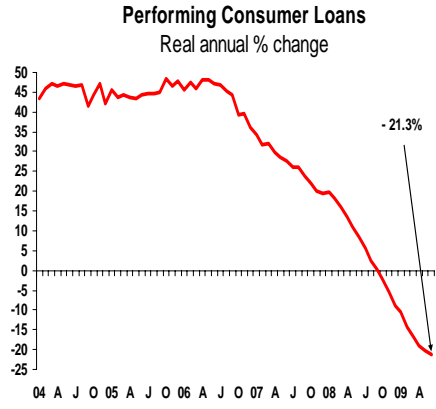
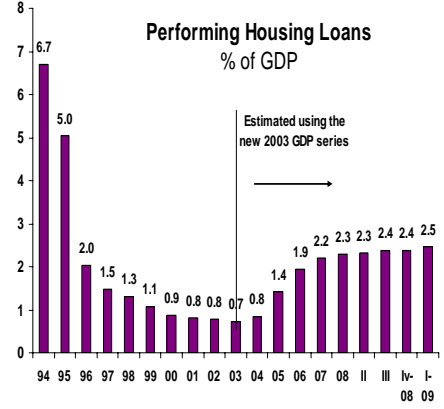
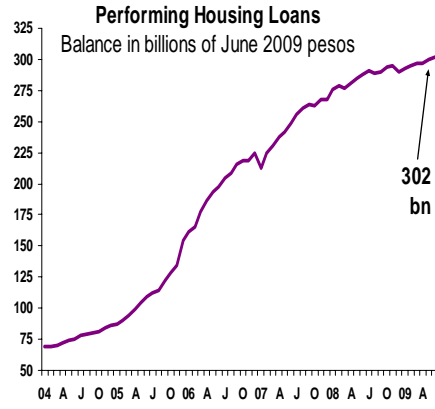
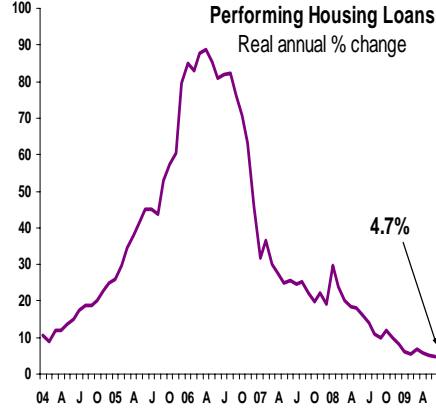
The amended series of NBF credit reveals that this credit type recorded negative real annual growth rates from Nov-08 (-3.2%) to Jun-09 (-26.4%), as shown in the chart. Although the performance of this credit type is largely due to the current recession, the decline could also be a sign of, among other aspects, lower financing demand from NBFIs because companies or activities towards which they channel the credit that they receive have also been demanding less credit.

**Current Mortgage Lending**

In June 09, real annual mortgage lending growth was 4.7%. Growth was higher in the preceding month (5.1%) as well as in the same month of 2008 (15.9%) The slower growth in this credit is explained by the fall in GDP and formal employment, among other factors.

**Current Consumer Loans**

The modified consumption loans series that the Bank of Mexico published from Jun-09 onwards no longer refers to the consumption loan portfolio transfer to a NBF subsidiary that some banks published in 2008. In Jun 09 the real annual consumption loan growth rate was -21.3%. It was also negative in the previous month (-20.4%) and it was also lower than the same month of the previous year (positive rate, 8.5%). This new consumption loan series reveals that in 1Q08 it continued to fall at a moderate rate, and that this rate accelerated in the second and third quarters. At the start of the fourth quarter, consumption loans began to record negative growth rates, which became steeper throughout 2009. The fall in consumption loans is explained by factors such as less formal employment and the loss of household purchasing, brought about by the current recession.



Source: Banco de México

**Commercial Banks: Performing Loans to the Mexican Private Non Banking Sector**

	Balance in billions of June 2009 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
IV 94	2,516.1	179.6	448.0	1,770.3	118.2	na	na	na	na	na
IV 95	1,480.7	95.5	286.9	1,024.0	74.3	-41.1	-46.8	-36.0	-42.2	-37.2
IV 96	829.3	55.4	124.3	619.8	29.7	-44.0	-42.0	-56.7	-39.5	-60.0
IV 97	663.3	48.6	98.7	504.0	12.0	-20.0	-12.4	-20.6	-18.7	-59.5
IV 98	571.4	42.7	87.8	430.5	10.3	-13.9	-12.0	-11.1	-14.6	-14.5
IV 99	496.7	45.2	76.5	349.2	25.9	-13.1	5.7	-12.9	-18.9	151.5
IV 00	513.9	55.7	69.4	359.2	29.5	3.4	23.3	-9.2	2.9	14.0
IV 01	520.6	73.8	65.6	343.4	37.8	1.3	32.5	-5.5	-4.4	28.2
IV 02	564.6	99.5	63.8	370.7	30.6	8.5	34.8	-2.8	7.9	-18.9
IV 03	612.9	142.9	68.3	368.4	33.3	8.6	43.6	7.1	-0.6	8.8
IV 04	772.7	203.2	85.2	434.8	49.5	26.1	42.2	24.8	18.0	48.4
IV 05	982.0	300.3	153.0	461.4	67.2	27.1	47.8	79.6	6.1	35.8
IV 06	1,258.3	408.4	222.9	559.9	67.0	28.1	36.0	45.7	21.3	-0.2
IV 07	1,561.5	487.8	265.9	730.2	77.6	24.1	19.4	19.3	30.4	15.7
I 08	1,608.9	494.6	277.3	762.3	74.7	22.1	16.1	20.2	29.1	5.3
II 08	1,642.2	494.4	287.9	783.1	76.8	15.8	8.5	15.9	21.9	6.2
III 08	1,660.3	478.0	290.3	812.6	79.4	10.2	0.3	10.0	17.5	6.3
IV 08	1,655.4	448.1	289.9	853.6	63.8	5.2	-8.9	8.2	15.9	-18.4
I 09	1,625.0	412.1	296.7	858.1	58.1	1.0	-16.7	7.0	12.6	-22.2

	Monthly balance in billions of June 2009 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
2008	1,590.0	490.2	275.6	749.8	74.4	26.6	19.6	29.8	32.4	10.1
F	1,606.4	492.1	278.8	761.0	74.4	24.4	18.3	23.9	30.7	10.7
M	1,608.9	494.6	277.3	762.3	74.7	22.1	16.1	20.2	29.1	5.3
A	1,624.9	494.4	280.6	775.4	74.5	20.8	13.3	18.3	29.3	4.7
M	1,640.4	494.7	285.3	782.5	77.8	19.2	10.9	18.1	27.0	8.6
J	1,642.2	494.4	287.9	783.1	76.8	15.8	8.5	15.9	21.9	6.2
J	1,647.4	487.6	291.1	790.2	78.5	15.2	5.6	14.0	22.2	19.6
A	1,660.0	483.9	289.0	807.8	79.3	12.1	2.5	10.8	20.1	6.2
S	1,660.3	478.0	290.3	812.6	79.4	10.2	0.3	10.0	17.5	6.3
O	1,697.3	471.1	293.7	855.7	76.8	10.1	-2.3	11.9	18.6	2.2
N	1,692.8	463.4	294.7	862.1	72.6	8.3	-5.6	9.9	18.1	-3.2
D	1,655.4	448.1	289.9	853.6	63.8	5.2	-8.9	8.2	15.9	-18.4
2009	1,668.6	439.1	293.0	874.7	61.7	4.9	-10.4	6.3	16.7	-17.1
F	1,662.3	422.0	294.4	884.8	61.0	3.5	-14.2	5.6	16.3	-18.0
M	1,625.0	412.1	296.7	858.1	58.1	1.0	-16.7	7.0	12.6	-22.2
A	1,605.1	401.1	296.8	850.3	56.9	-1.2	-18.9	5.8	9.7	-23.6
M	1,593.7	393.6	300.0	843.2	56.9	-2.8	-20.4	5.1	7.8	-26.9
J	1,582	389	301	835	57	-3.7	-21.3	4.7	6.6	-26.4

	Annual average balance					Average real annual growth rates				
2005	862.9	248.1	111.6	444.9	58.3	29.4	45.1	46.2	17.9	38.9
2006	1,119.8	357.5	196.2	501.6	64.6	29.7	44.5	77.6	12.7	11.7
2007	1,413.4	451.7	245.8	644.4	71.4	26.2	26.8	25.8	28.3	10.7
2008	1,619.4	393.3	283.9	793.3	149.0	15.1	-12.0	15.9	23.6	107.2

	% of GDP					% breakdown				
IV 94	37.6	2.7	6.7	26.5	1.8	100.0	7.1	17.8	70.4	4.7
IV 95	26.0	1.7	5.0	18.0	1.3	100.0	6.5	19.4	69.2	5.0
IV 96	13.5	0.9	2.0	10.1	0.5	100.0	6.7	15.0	74.7	3.6
IV 97	10.0	0.7	1.5	7.6	0.2	100.0	7.3	14.9	76.0	1.8
IV 98	8.4	0.6	1.3	6.3	0.2	100.0	7.5	15.4	75.4	1.8
IV 99	6.9	0.6	1.1	4.8	0.4	100.0	9.1	15.4	70.3	5.2
IV 00	6.5	0.7	0.9	4.5	0.4	100.0	10.8	13.5	69.9	5.7
IV 01	6.5	0.9	0.8	4.3	0.5	100.0	14.2	12.6	66.0	7.3
IV 02	6.9	1.2	0.8	4.5	0.4	100.0	17.6	11.3	65.7	5.4
IV 03	6.5	1.5	0.7	3.9	0.4	100.0	23.3	11.1	60.1	5.4
IV 04	7.6	2.0	0.8	4.2	0.5	100.0	26.3	11.0	56.3	6.4
IV 05	9.2	2.8	1.4	4.3	0.6	100.0	30.6	15.6	47.0	6.8
IV 06	10.9	3.5	1.9	4.9	0.6	100.0	32.5	17.7	44.5	5.3
IV 07	13.0	4.1	2.2	6.1	0.6	100.0	31.2	17.0	46.8	5.0
I 08	13.2	4.1	2.3	6.3	0.6	100.0	30.7	17.2	47.4	4.6
II 08	13.2	4.0	2.3	6.3	0.6	100.0	30.1	17.5	47.7	4.7
III 08	13.6	3.9	2.4	6.7	0.7	100.0	28.8	17.5	48.9	4.8
IV 08	13.5	3.7	2.4	7.0	0.5	100.0	27.1	17.5	51.6	3.9
I 09	13.5	3.4	2.5	7.1	0.5	100.0	25.4	18.3	52.8	3.6

\*NBFE: Non bank financial entities

Source: Banco de México

**Bank and Non Bank Loans to the Private Sector**

Broad version of non bank financing (loans to consumers and firms)

	Balance in billions of June 2009 pesos											
	All Categories			Consumer			Housing			Firms		
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	4,726	2,886	1,840	242	229	13	670	488	182	3,814	2,169	1,645
IV 95	4,095	2,379	1,716	146	134	13	709	523	186	3,239	1,722	1,517
IV 96	3,538	2,054	1,484	102	89	13	744	526	217	2,692	1,439	1,253
IV 97	3,301	1,866	1,435	98	75	23	725	508	217	2,478	1,283	1,195
IV 98	3,243	1,563	1,680	92	61	32	720	455	265	2,430	1,047	1,383
IV 99	2,882	1,314	1,567	99	61	38	692	389	303	2,091	864	1,227
IV 00	3,058	1,112	1,947	114	71	43	658	294	365	2,286	747	1,539
IV 01	2,855	967	1,888	144	90	54	670	239	432	2,041	638	1,402
IV 02	2,976	935	2,041	192	116	76	709	210	499	2,074	609	1,466
IV 03	3,095	901	2,195	226	156	71	746	176	570	2,123	569	1,554
IV 04	3,307	934	2,373	310	219	91	802	169	633	2,194	545	1,649
IV 05	3,503	1,059	2,444	431	320	110	848	212	636	2,224	527	1,697
IV 06	3,642	1,328	2,314	545	438	107	932	273	659	2,165	617	1,548
IV 07	3,932	1,629	2,303	622	531	91	979	313	667	2,331	785	1,545
I 08	3,947	1,567	2,380	626	438	187	1,009	319	690	2,313	810	1,503
II 08	3,990	1,602	2,388	633	445	188	1,018	328	690	2,340	830	1,510
III 08	3,975	1,571	2,404	621	380	241	1,024	330	694	2,330	860	1,469
IV 08	4,204	1,613	2,592	588	364	225	986	330	656	2,629	919	1,711
I-09	4,256	1,605	2,651	548	339	209	1,025	337	688	2,683	929	1,754

	% breakdown											
IV 94	100.0	61.1	38.9	100.0	94.5	5.5	100.0	72.9	27.1	100.0	56.9	43.1
IV 95	100.0	58.1	41.9	100.0	91.2	8.8	100.0	73.8	26.2	100.0	53.2	46.8
IV 96	100.0	58.1	41.9	100.0	87.0	13.0	100.0	70.8	29.2	100.0	53.5	46.5
IV 97	100.0	56.5	43.5	100.0	76.6	23.4	100.0	70.1	29.9	100.0	51.8	48.2
IV 98	100.0	48.2	51.8	100.0	65.7	34.3	100.0	63.1	36.9	100.0	43.1	56.9
IV 99	100.0	45.6	54.4	100.0	61.8	38.2	100.0	56.3	43.7	100.0	41.3	58.7
IV 00	100.0	36.3	63.7	100.0	62.0	38.0	100.0	44.6	55.4	100.0	32.7	67.3
IV 01	100.0	33.9	66.1	100.0	62.7	37.3	100.0	35.6	64.4	100.0	31.3	68.7
IV 02	100.0	31.4	68.6	100.0	60.3	39.7	100.0	29.7	70.3	100.0	29.3	70.7
IV 03	100.0	29.1	70.9	100.0	68.8	31.2	100.0	23.6	76.4	100.0	26.8	73.2
IV 04	100.0	28.2	71.8	100.0	70.6	29.4	100.0	21.1	78.9	100.0	24.8	75.2
IV 05	100.0	30.2	69.8	100.0	74.4	25.6	100.0	25.0	75.0	100.0	23.7	76.3
IV 06	100.0	36.5	63.5	100.0	80.4	19.6	100.0	29.3	70.7	100.0	28.5	71.5
IV 07	100.0	41.4	58.6	100.0	85.4	14.6	100.0	31.9	68.1	100.0	33.7	66.3
I 08	100.0	39.7	60.3	100.0	70.1	29.9	100.0	31.6	68.4	100.0	35.0	65.0
II 08	100.0	40.1	59.9	100.0	70.3	29.7	100.0	32.2	67.8	100.0	35.5	37.9
III 08	100.0	39.5	60.5	100.0	61.2	38.8	100.0	32.3	67.7	100.0	36.9	37.0
IV 08	100.0	38.4	61.6	100.0	61.8	38.2	100.0	33.5	66.5	100.0	34.9	40.7
I-09	100.0	37.7	62.3	100.0	61.8	38.2	100.0	32.9	67.1	100.0	34.6	41.2

	% of GDP											
IV 94	70.1	42.8	27.3	3.6	3.4	0.2	9.9	7.2	2.7	56.6	32.2	24.4
IV 95	71.4	41.5	29.9	2.6	2.3	0.2	12.4	9.1	3.2	56.5	30.0	26.5
IV 96	57.3	33.3	24.0	1.7	1.4	0.2	12.0					