

Monthly Report on Banking and the Financial System

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1. Banking and Financial System

The appreciation of the exchange rate negatively impacted the performance of bank deposits in the first month of the year.

In January 2026, the balance of traditional bank deposits (sight + time deposits) reached a real annual growth of 0.9% (4.7% nominal), the lowest growth rate recorded since June 2023. To the growth observed in January, sight deposits contributed 1.0 percentage points (pp), while term deposits subtracted 0.1 pp from the dynamism.

Bank deposit growth continues to show the negative impact associated with the exchange rate appreciation. In January, this impact intensified, reducing growth by 2.4 percentage points. Once this effect is factored in, a more moderate decrease in balance growth is observed, with real annual growth in the first month of the year at 3.2% (7.1% nominal), slightly below the 3.4% average observed in Q4 2025.

In January, **demand deposits** recorded real annual growth of 1.5% (5.4% nominal), the lowest rate recorded since August 2023. Discounting the accounting effect of the exchange rate, the growth observed in January (3.8%) exceeded the average recorded in the last quarter of 2025 (3.4%).

By depositor type, mixed performance continues. Demand deposits from individuals increased their growth compared to the previous month, reaching a real annual increase of 2.7% in January (vs. 2.0% in December 2025). In the case of businesses, the real year-on-year change improved, going from a 1.6% decline in December to a 1.2% decline in January. Conversely, investment funds saw a moderate decrease in growth, from 2.8% real annual increase in December to 2.6% in January, and the non-financial public sector registered a sharp slowdown, going from 22.4% growth in December to 6.2% in January.

The greater growth in liquid balances in the case of households (45.8% of demand deposit balances) could be associated with the increase in real wages, which partly reflects the general increase in the minimum wage at the beginning of the year, since, on the contrary, formal employment had a more moderate dynamism in January. In the case of businesses (39.3% of demand deposit balances), the more moderate decline in their growth rate is associated with an improvement in their revenue generation, a recovery that has been limited by the greater

accounting impact of the exchange rate appreciation. Specifically, demand deposits in foreign currency represent 27.8% of businesses' liquid deposits. After adjusting for the accounting effect of depreciation on these balances, the growth of businesses' demand deposits would have reached a real rate of 3.9% in January, significantly higher than the 0.2% average observed in Q4 2025.

In the case of financial institutions, the reduction in their balances would be attributable to lower intermediation activity. Finally, the demand deposit balances of the non-financial public sector may have slowed due to a reallocation of funds toward time deposits, while the budget allocation and planning processes for the new fiscal year are underway.

In January, **Term deposits registered a real annual variation of -0.2% (nominal growth of 3.6%)**, this represents a decline in performance compared to Q4 2025, when average real growth was 1.9%. With this result, average real growth for Q4 2025 reached 1.9%, significantly lower than the average achieved in Q3 2025 (4.9%).

Even discounting the effect of the exchange rate appreciation, a significant slowdown is observed. After adjusting for the exchange rate effect, real growth in January reached 2.0%, below the 3.4% average achieved in the last quarter of 2025.

By depositor type, performance also varied. Term deposits held by individuals (48.8% of the total) registered real annual growth of 2.1%, the same as in December and remaining above the average of 1.5% recorded in Q4 2025. Meanwhile, the non-financial public sector (1.7% of total time deposits) accelerated its growth, rising from 26.1% in December to 33.6%.

Conversely, corporate term deposits further slowed, falling from a real annual change of -0.9% in December to -1.1% in January, marking nine consecutive months of contraction. Finally, OFIS balances decreased from 7.1% growth in December to a 5.6% decline in January. It should be noted that this segment had not experienced a decline in real annual growth since July 2023. The slowdown in term deposit balances likely reflects the effect of lower interest rates.

Holding shares in debt investment funds recovered in the first month of the year, reaching a real annual growth rate of 10.7% (14.9% nominal), higher than the growth observed the previous month (10.2% real), but below the average recorded in the last quarter of 2025 (12.9% real). Savings in these types of instruments have managed to hold steady despite the reduction in interest rates, as greater risk aversion continues to favor investment in local debt instruments. With this result, total deposits (traditional plus investment funds) grew by 3.4% in January (7.3% nominal), below the average observed in Q4 2025 (8.6%).

It is expected that traditional deposit-taking and other savings instruments will continue to slow down in the short term, reflecting both the reduction in interest rates and less growth in household and business income.

The bank loan portfolio continued to slow down in January 2026.

In January 2026, the outstanding loan portfolio granted by commercial banks to the non-financial private sector (NFPS) registered real annual growth of 1.8% (5.7% nominal), lower than the 2.6% recorded the previous month. The figure recorded in January is the lowest growth rate registered since April 2022 and underscores the signs of a slowdown that began in the second half of 2025. The dynamism observed in the outstanding loan portfolio was driven by the contribution of consumer credit (1.9 percentage points), while mortgage and business loans contributed 0.2 and -0.3 percentage points, respectively.

In January, the **outstanding consumer credit** reached a real annual growth of 7.6% (11.6% nominal), lower than the 8.0% observed the previous month. The real annual growth rate recorded in January is in turn lower than that recorded during Q4 2025 when this loan portfolio grew at an average rate of 8.3%. To the real growth rate recorded in January, credit for the acquisition of durable consumer goods (ABCD) contributed 2.4 percentage points, credit through cards contributed 2.6 percentage points, payroll credit and personal loans contributed 1.1 percentage points each, and other consumer credit contributed 0.3 percentage points.

The segment of credit for the acquisition of durable consumer goods (ABCD, 21.3% of consumer credit) moderated its dynamism, registering an annual real growth rate of 11.8%, the lowest growth rate since July 2023. The segment that showed the greatest slowdown was that associated with auto credit, while that related to the acquisition of movable goods is beginning to show signs of less dynamism.

Auto loan (89.0% of the total ABCD portfolio balance) continues to moderate its growth, registering a real annual variation of 13.0% in January. With this, the real annual growth rate for the first month of 2026 was reduced to almost half the dynamism recorded during 2025 (25.7% average real growth).

The segment of **personal property** registered a real annual growth rate of 3.2%, lower than the growth recorded the previous month when this credit segment grew at a rate of 4.6%, and only about a third of the average dynamism observed in 2025 (9.1%). The slowdown observed in the ABCD portfolio could indicate a weakening of household incomes, which discourages demand for medium-term financing and spending on non-essential goods.

Meanwhile, the segment of **credit cards** achieved a real annual growth of 7.0% (11.1% nominal), in line with the performance shown in December when the growth rate was 7.2%. With this, the real annual growth rate recorded in the first month of 2026 matches the average rate for credit through bank cards in Q4 2025, which stood at 7.0%.

Credit card usage indicators also reflect this slowdown. The transaction volume in January 2026 grew at a real annual rate of 3.8%, the lowest rate recorded since at least 2022 and, in turn, lower than the average real annual growth rate in 2025, when the average growth rate was 10.6%. Furthermore, the number of transactions also slowed in January 2026, registering an annual growth rate of 6.4%. In January, the categories that contributed most to the growth in

transaction volume were those associated with basic consumption and discretionary spending, while aggregators subtracted to the dynamism of the TDC balances, whose amounts decreased at a real annual rate of -23.1%.

Payroll and personal loan portfolios showed mixed performance compared to the previous month. Payroll loans registered a real annual growth rate of 4.9% in January (8.9% nominal), the same as in December, while personal loans saw their real annual growth rate decrease from 8.2% in December to 7.5% in January (11.6% nominal).

The relative stability of payroll loans could be associated with the fact that formal employment stopped slowing down, since in January such employment grew at an annual rate of 0.9%, similar to the 1.0% observed in the last quarter of 2025. In addition, the improvement in real wages observed in the first month of the year could have also contributed to the performance of this portfolio.

The outstanding housing loan registered a real annual growth rate of 1.2% in January (5.0% nominal), the lowest rate recorded since November 2009. With this, housing credit accentuates the signs of slowdown shown since Q3 2025.

By credit segment, the outstanding balance of credit for middle-income housing (96.5% of the total outstanding balance of housing credit) registered a real growth rate of 1.2% (5.0% nominal) in January, lower than the result registered in the immediately preceding month, whose rate was 1.9%. Conversely, credit for social interest housing reversed its trend and registered a real annual growth rate of 1.2%.

The slower growth observed in housing credit could be explained by the performance of labor market indicators. Given that housing credit lags behind formal employment trends, the observed demand appears to be reflecting the employment conditions recorded in the second half of 2024, when employment growth rates began to decline, averaging 1.5% in Q2 2024. Meanwhile, real wages registered an annual growth rate of 3.4% in January 2026, higher than the average rate observed in Q4 2025 (3.2% annually).

Additionally, mortgage interest rates have shown some downward rigidity, such that implied rates for the portfolio remain close to 10.0% annually. These factors suggest that, in the short term, demand for housing credit will continue to decelerate as the low growth rates of formal employment in 2025 persist, the recovery of real wages moderates, and there is no significant decrease in long-term interest rates.

For their part, **outstanding business credit** (52.4% of the current portfolio in the SPNF) continued its slowdown and registered in January a real growth of -0.6% (3.2% nominal), the lowest growth rate since April 2022. In turn, the Global Business Confidence Opinion Index (IGOEC) registered 48.0 points in the first month of the year, lower than the December 2025 indicator by -0.2 points, and with this, it has accumulated 11 consecutive months below the threshold of 50 points.

By sector, in January, the services sector (56.3% of the total) contributed 1.5 percentage points to the growth rate of outstanding business loans; the construction sector's contribution fell to 0.0 percentage points, while the remaining sectors (agriculture, mining, electricity, water and gas, and manufacturing) subtracted 2.0 percentage points from overall growth due to the continued reduction in their loan balances. Furthermore, this marks the second consecutive month that credit to the manufacturing sector has reduced the overall loan portfolio growth, although by a greater margin (-0.9 percentage points vs. -0.2 percentage points in December 2025). The metal industry, non-metallic products, and transportation equipment were the subsectors that most significantly detracted from portfolio growth.

In its composition by coins, it is noteworthy that the outstanding portfolio in local currency (76.7% of outstanding business loans) achieved real growth of 4.2% in January, lower than the rate observed in the previous month. Meanwhile, the outstanding portfolio in foreign currency (M.E.) accelerated its deceleration, going from a growth rate of -11.6% to a more pronounced decline of -14.4%.

As observed in recent months, exchange rate fluctuations dampened the dynamism of the foreign currency loan portfolio. Without considering this effect, the real growth rate for January would have been 2.5%, slightly lower than the 2.7% observed the previous month (MIA). In other words, the accounting effect of the exchange rate appreciation on the foreign currency portfolio reduced growth by 16.9 percentage points. It should be noted that the foreign currency portfolio represents 23.3% of the corporate loan portfolio.

For the total business portfolio, after adjusting for the accounting effect of the exchange rate, an annual real growth rate of 4.2% is observed in January, slightly lower than the real growth recorded the previous month and, in turn, below the 5.0% observed in Q4 2025.

The slowdown observed in the various portfolios in January reflects the weakness of domestic demand, a reflection of lower economic activity and a labor market that has not yet recovered, so it is expected that credit will continue to show moderate growth in the coming months.

Economic uncertainty and slower credit growth marked regional performance in Q4 2025.

With information from [Report on regional economies](#) published by the Bank of Mexico (Banxico), in the fourth quarter of 2025, financial services in Mexico showed similar dynamics across regions¹, strongly influenced by trade uncertainty and the slowdown in economic activity.

In the **north region**, there was a surge in loan applications due to increased demand for financing for real estate projects and working capital. However, uncertainty surrounding

¹ Regionalization in the report: the North includes Baja California, Chihuahua, Coahuila, Nuevo León, Sonora and Tamaulipas; the North Central includes Aguascalientes, Baja California Sur, Colima, Durango, Jalisco, Michoacán, Nayarit, San Luis Potosí, Sinaloa and Zacatecas; the Central includes Mexico City, State of Mexico, Guanajuato, Hidalgo, Morelos, Puebla, Querétaro and Tlaxcala; and the South includes Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz and Yucatán.

investment and the economic slowdown limited loan demand among companies in the industrial supply sector.

In the **north-central region**, the reduction in the interest rate boosted consumer credit, although the deterioration in the level of trade certainty resulted in lower demand for business loans.

In the **center region**, active promotional strategies boosted the issuance of auto and mortgage loans, coupled with increased demand for public financing for infrastructure projects. However, the uncertain economic environment and low levels of activity led to a reduction in both loan and insurance issuance for businesses. A decrease in consumer loan applications was also observed.

Finally, in the **south region**, the decrease in interest rates created favorable conditions for increased use of credit lines for working capital acquisition. The expansion of the agri-food sector in Veracruz increased the demand for credit from cattle, beef, and poultry companies. As mentioned previously, economic uncertainty limited the demand for long-term credit, particularly among companies in the logistics, transportation, and durable goods retail sectors.

Even though outstanding commercial bank credit to private non-financial companies continued to grow in all regions of the country, the real annual growth rate observed in Q4 2025 is significantly lower than that recorded in the previous quarter (from 4.4 to 1.5%).

The central region (52% of the total) registered a real annual growth rate of 0.4% in Q4 2025, the lowest growth recorded since Q2 2023; in second place was the northern region (23% of the total) whose growth stood at 0.6% at the end of December, followed by the north-central region (17% of the total) which registered a rate of 2.3% and finally the southern region (8% of the total) with a growth of 9.9%.

By sector, a slowdown in the growth rate of outstanding loans in the industrial sector was observed in all regions of the country: the northern region (from 4.1% to 0.5%), the north-central region (from 3.3% to 0.5%), the central region (from -0.1% to -2.7%), and the southern region (from 8.5% to 5.2%) compared to Q3 2025. Meanwhile, the services sector showed lower growth rates in three regions: the north (from 2.0% to 1.4%), the central region (from 7.8% to 2.7%), and the south (from 24.2% to 13.3%). Conversely, the north-central region registered an increase in this sector (from 3.6% to 5.9%). Finally, the agricultural sector showed weak performance, with the southern region experiencing the largest contraction compared to the previous quarter (from 7.2% to -0.5%).

2. Financial Markets

Should we be worried about private credit?

In March, financial market participants focused their attention on the impact of the war in Iran on asset prices. However, alongside these events, scrutiny of private credit intensified. This stemmed from liquidity demands by some investors in private credit funds, which led key market participants to limit redemptions.

Given the recurrence of these types of events that bring the issue of credit risk to mind, it is worth asking: how significant is the private credit market and what exposure do other participants in the financial system have? Does a deterioration in this market jeopardize global financial stability?

Classified as an alternative asset class, private credit has experienced exponential growth over the past twenty years, and according to the IMF, its assets are valued at around USD 2.1 trillion. It targets mid-sized companies (sales between USD 100 million and USD 100 billion for the US, according to the IMF) with financing needs exceeding those met by traditional banks, but which are not yet large enough to issue debt in the financial markets.

Loans to these target companies are made through funds (*Close-ended, Open-ended, Business Development Companies*). These funds are mostly comprised of resources from institutional investors (e.g., pension funds and insurance companies). However, following recent legislative changes in the U.S., individual investors also participate.

Private credit has seen its greatest growth in the US (more than 50% of global assets according to the IMF), which is understandable given that the increase in banking regulation after the Great Financial Crisis and the subsequent search for yield in the face of the fall of interest rates to levels close to zero percent by the Fed, were determining factors in the growth of this asset class.

The exposure of the U.S. banking and non-banking sectors to private credit is currently between \$410 billion and \$540 billion, according to the Treasury Department. As a proportion of the total assets of U.S. banking and non-banking institutions (approximately \$127 trillion), private credit represents, at its highest, 0.4%.

In particular, banks' exposure is also small. According to the IMF, it amounted to less than 1.0% of their assets at the end of 2021. From these figures, it is clear that the size *per se* of this type of asset and the direct exposure of the banking system do not represent a systemic risk.

However, even though it does not jeopardize the stability of the global financial system, there are some aspects of the development of private credit and its relationship with market activity that need to be taken into account.

First, according to the BIS, the recent and increasing borrowing by technology companies to develop the potential of artificial intelligence (AI) has relied on private credit as a source of financing. Contractual flexibility and the nature of the projects (e.g., data center development) have made private credit a natural candidate for funding.

However, this increased reliance on credit puts even more pressure on realizing and monetizing expectations of widespread productivity gains from AI. To the extent that this does not materialize, not only is investment in AI itself at risk, but also the performance of private credit.

In fact, reflecting the increased focus on the realization of AI expectations, reports about its potential adverse impact on certain sectors have influenced lower valuations of companies in *software* who, in turn, are part of the debtors of some private equity funds.

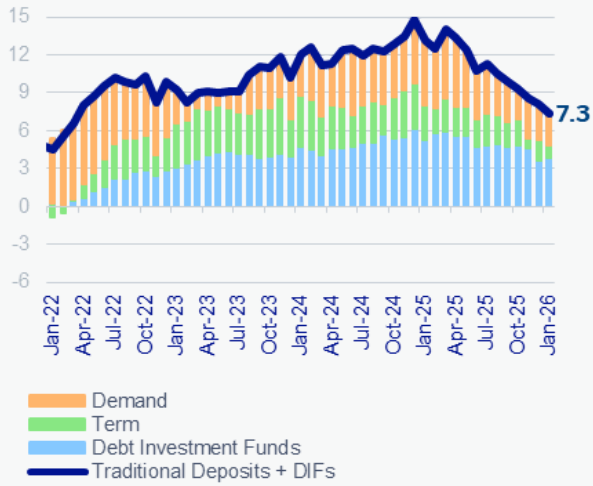
Second, the nature of private credit is that of an investment with very limited liquidity. Private loans have virtually no secondary market, and there is not a mark-to-market valuation, but a one relying on models. That is, fund managers estimate the value of the assets based on their models and assumptions (*mark-to-model*) on specific dates that may or may not coincide with relevant market events. Therefore, comparing it to other assets that are valued mark-to-market on a daily basis is not the most appropriate.

Additionally, private equity investments generally imply that the total invested capital cannot be withdrawn for periods of three to five years. While this lack of liquidity translates into a more attractive yield than other asset classes, its nature is better suited to long-term institutional investors rather than individual investors who, according to the *Financial Times*, were the ones that have requested up to USD 10 billion in redemptions during the first quarter of the year.

Bottomline, the size and direct exposure of banking and non-banking financial intermediaries to private credit do not represent a systemic risk. However, it will be necessary to closely monitor not only the risks to investment vehicles, but also those to investors and the business practices of the companies receiving the funds, both because of their potential amplifying effect and because of the frequency with which disruptive events are currently occurring in the markets.

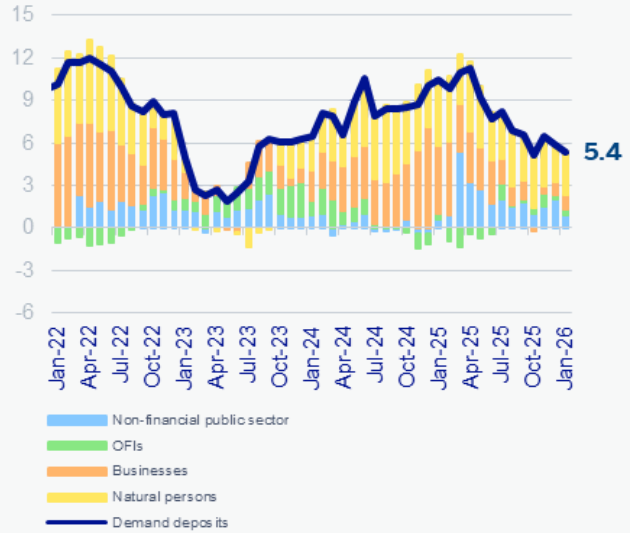
Deposits: Graphics

TOTAL DEPOSITS FROM COMMERCIAL BANKS
(ANNUAL NOMINAL VAR,%)



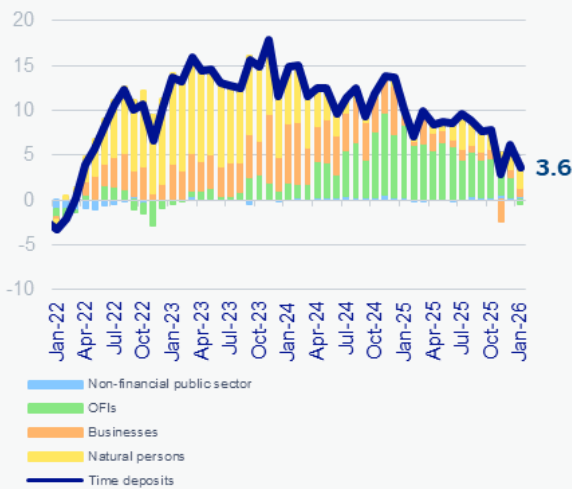
Source: BBVA Research with data from Banxico

SIGHT CAPTURE
(ANNUAL NOMINAL VAR,%)



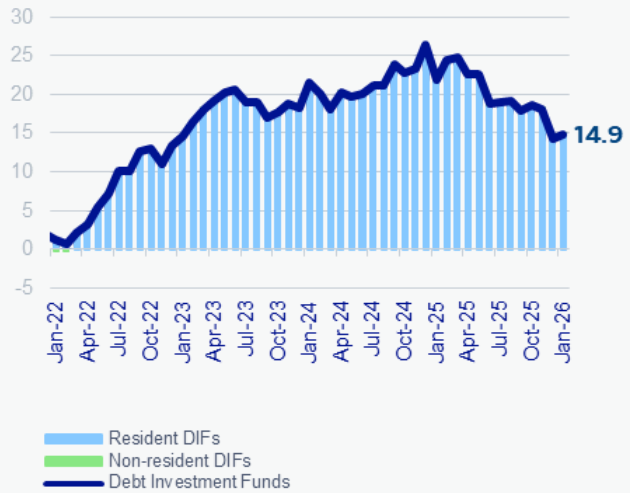
Source: BBVA Research with data from Banxico

TERM DEPOSITS
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

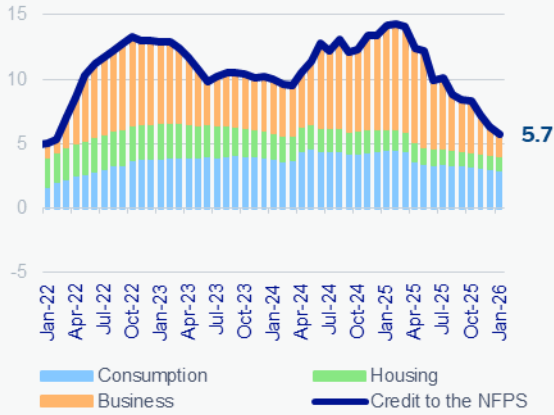
DEBT INVESTMENT FUNDS (DIFs)
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

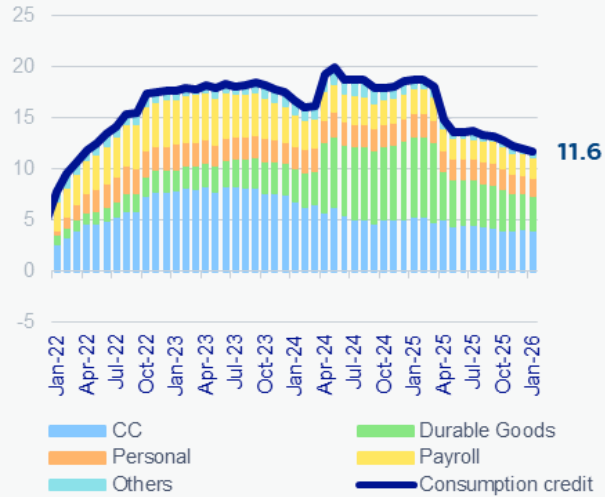
Credit: Graphics

OUTSTANDING BANK CREDIT TO THE SPNF
(ANNUAL NOMINAL VAR,%)



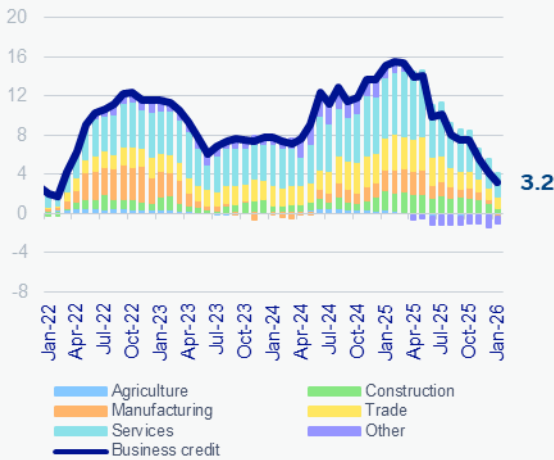
Source: BBVA Research with data from Banxico

OUTSTANDING CONSUMER CREDIT
(ANNUAL NOMINAL VAR,%)



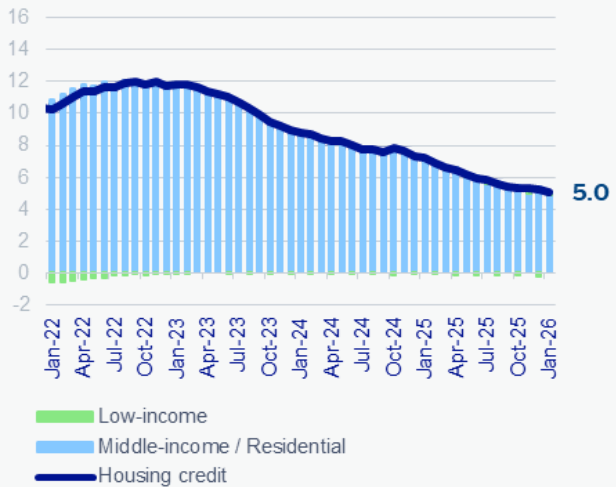
Source: BBVA Research with data from Banxico

OUTSTANDING CREDIT FOR COMPANIES
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

OUTSTANDING HOUSING LOAN
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

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