

# Monthly Report on Banking and the Financial System

Mariana A. Torán, Iván Martínez Urquijo, Jorge A. Campos Soto

## 1. Banking and Financial System

### Traditional bank lending regains momentum in April

In April 2026, the balance of traditional bank deposits (demand + time deposits) reached a real annual growth of 1.6% (6.2% nominal), exceeding both the growth observed the previous month (1.1%) and the average recorded in Q1 2026 (1.3%). Demand deposits contributed 0.6 percentage points (pp) to the growth observed in April, while term deposits contributed 1.0 pp.

Bank deposit growth continues to show the negative impact associated with the exchange rate appreciation, which in April reduced growth by 1.6 percentage points. Once this effect is discounted, real annual growth in the fourth month of the year would be 3.1% (7.7% nominal), lower than the average of 3.4% (7.7% nominal) observed in Q1 2026.

In April, **demand deposits recorded a real annual growth of 1.0%** (5.5% nominal), improving its performance compared to the previous month (0.2%) when a minimum was recorded since November 2022. When discounting the accounting effect of the exchange rate, the real growth observed in April (2.5%) was lower than the average recorded in 1Q26 (3.0%).

By depositor, demand deposits held by individuals increased their growth compared to the previous month, reaching a real annual growth rate of 5.0% in April (vs. 4.1% in March). For businesses, the real year-on-year change worsened, falling from 1.7% growth in March to 1.3% in April. Financial institutions also saw a decrease in growth, from 5.7% real growth in March to 3.9% real annual growth in April, while the non-financial public sector moderated its slowdown, going from a contraction of 17.1% in March to a decline of 15.1% in April.

The greater growth in liquid balances in the case of households (46.2% of demand deposit balances) would be associated with a better performance of formal employment (1.5% annually in April, higher than the average of 1.1% in Q1 2026). In the case of businesses (38.2% of demand deposit balances), the slower growth rate would continue to be associated with weak revenue generation. For example, the indicator for revenue from the supply of goods and services in Q1 2026 (latest data available) averaged a 1.4% decline, less than the 1.1% growth observed in the previous quarter. For financial institutions, the reduction in their balances would be associated with lower intermediation activity, and for the non-financial public sector, the

improvement in their deposits would be attributable to a reallocation of balances from longer-term deposits.

In April, **Term deposits registered a real annual variation of 2.8%**.(nominal growth of 7.4%), This represents a slight improvement over the previous month (2.6%) and surpasses the average observed in Q1 2026 (2.0%). After adjusting for the effect of exchange rate appreciation, the performance remains strong. With this accounting effect removed, real growth in April reached 4.4%, similar to the result achieved in March (4.5%) and higher than the average observed in Q1 2026 (4.2%).

By depositor, a recovery is observed in the term deposit balances of individuals and businesses. In the former case, the annual real growth rate increased from 2.3% in March to 4.9% in April, while in the latter, growth accelerated from 1.5% to 5.6% in April. Although the yield on these savings instruments has decreased, in line with the monetary policy rate cut cycle, the decline has been slower: while the Banxico's policy rate has been reduced by 425 basis points between March 2024 and April 2026, the interest rate for time deposits registered a reduction of 350 basis points. That is, the difference in the adjustment rate of the various savings instruments is temporarily favoring this type of deposit. Meanwhile, the time deposit balances of the non-financial public sector and other financial intermediaries (OFIs) have slowed their growth. For the non-financial public sector, this slower growth rate would be linked to the progress of the budget process, which would require maintaining balances in more liquid instruments for its execution. In the case of financial institutions, as with demand deposits, the slower growth would be associated with a deceleration in their intermediation activity.

**Holding shares in debt investment funds** maintained their momentum in the fourth month of the year, reaching a real annual growth rate of 6.6% (11.3% nominal) in April, similar to the growth observed the previous month (6.5% real), but notably below the average recorded in Q1 2026 (8.9% real). With this result, savings in these types of instruments continue to moderate their dynamism, maintaining their growth below double digits for the third consecutive month. This slowdown would reflect both a lower relative attractiveness compared to other savings instruments and a moderation in the growth of income earners, which would limit the proportion that can be allocated to investing or saving. As a result, total deposits (Traditional plus Investment Funds) reached a growth of 3.0% in April (7.5% nominal), marginally lower than the average recorded in Q1 2026 of 3.3% (7.6% nominal).

## **Bank credit to the private sector is slowing its growth rate**

In April 2026, the outstanding loan portfolio granted by commercial banks to the non-financial private sector (NFPS) registered real annual growth of 1.3% (5.8% nominal), lower than the 1.5% recorded the previous month and, in turn, lower than the growth recorded during Q1 2026 (1.6% real annual growth). The growth observed in the outstanding loan portfolio was driven by a 1.7 percentage point contribution from consumer credit, while mortgage and business loans contributed 0.1 and -0.6 percentage points, respectively.

In April, **the outstanding consumer credit** reached a real annual growth of 6.8% (11.5% nominal), lower than the 7.1% observed the previous month. The growth observed in the fourth month of the year is, in turn, lower than the average rate recorded in Q1 2026, which stood at 7.4% in real terms. After eliminating the effect of inflation, credit through credit cards contributed 2.5 percentage points to the dynamism recorded in April, credit for the acquisition of durable consumer goods (ABCD) contributed 2.1 percentage points, payroll credit 1.1 percentage points, and personal loans contributed 0.9 percentage points, while other consumer credit contributed the remaining 0.1 percentage points. It should be noted that the growth observed in this portfolio presents a base effect due to the consolidation of a neobank from March 2026 onwards; discounting this effect, the real growth recorded in the fourth month of the year would be 5.9%, showing to a greater extent the slowdown in this portfolio.

The **credit segment for the acquisition of durable consumer goods** (ABCD, 21.4% of consumer credit) further moderated its real dynamism by registering an annual growth rate of 10.0% (14.9% nominal), the lowest growth rate since May 2023. The segment that showed the greatest slowdown was that associated with auto credit, while that related to the acquisition of movable goods continues with the signs of less dynamism shown from Q4 2025.

**Auto loan** (89.3% of the total ABCD portfolio balance) continues to slow its expansion rate, registering a real annual variation of 11.1% in April. With this, the real growth rate for the fourth month of the year continues its downward trend observed since the last quarter of 2025 and is, in turn, lower than the average rate of 13.0% in Q1 2026, partly reflecting the signs of economic slowdown observed from the second half of 2025.

The segment of **personal property** registered a real annual growth rate of 1.1%, lower than the growth recorded the previous month when this credit segment grew at a rate of 1.6%, and practically only a third of the average dynamism observed in Q1 2026 (of 3.0%). 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 7.1% (11.8% nominal), higher than the performance shown in March when the growth rate was 6.7%. With this, the real annual growth rate recorded in the fourth month of 2026 was above the average rate for this type of credit in the first quarter of 2026, when the real balance expanded at a rate of 6.5%. However, it should be noted that the growth observed in this portfolio has a base effect due to the consolidation of a neobank from March 2026. Discounting this effect, the average growth of Q1 2026 would have been 5.8%, while the result for April would be 4.9%, also showing the slowdown in this portfolio.

**Payroll and personal loan portfolios** showed relatively stable growth compared to the previous month. Payroll loans registered a real annual growth rate of 4.6% in April (9.3% nominal), in line with the 4.7% average for Q1 2026, while personal loans saw a greater reduction in their real annual growth rate, from 6.8% in March to 6.3% in April (11.0% nominal). This indicates a further slowdown in personal loan growth, as the rate recorded in April is lower than the 7.3% average for the first quarter of 2026.

The relative stability of payroll loans could be associated with the fact that formal employment stopped slowing down, since in April this employment grew at an annual rate of 1.5%, higher than the 1.1% observed in the first quarter of 2016. In addition, the improvement in real wages observed in April could also have contributed to the performance of this portfolio, although to a lesser extent.

**Outstanding housing loans** reached in April a real annual growth of 0.5% (5.0% nominal), just above the 0.4% recorded the previous month (MIA) and still at minimum levels since October 2004. The slowdown has intensified in recent months, as the rate recorded in the fourth month of the year is significantly lower than the average of 0.9% in the first quarter of the year.

By credit segment, the outstanding balance of credit for middle-income and residential housing (97.3% of the total outstanding balance of housing credit) registered a real growth rate of 1.0% in April (5.5% nominal), higher than the 0.3% observed the previous month and in line with the Q1 2026 average (0.9% real). Conversely, credit for social housing registered a real annual contraction of 13.0%, the steepest decline since April 2022.

The slower growth observed in housing credit is mainly explained by weak labor market indicators and the limited reduction in long-term interest rates. Given that housing credit lags behind formal employment trends, the observed demand appears to be reflecting employment conditions in the third quarter of 2024, when employment growth rates began to decline, averaging 1.1%. Meanwhile, real wages registered an annual growth rate of 2.3% in April 2026, below the average rate observed in the first quarter of 2026 (3.0% annually) and, in turn, lower than the average rate observed during 2025, when growth reached 3.4%.

Additionally, mortgage interest rates have shown some downward rigidity, such that implied portfolio rates 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** (52.3% of the outstanding portfolio in the SPNF) continued its slowdown, registering a year-on-year change in real terms of -1.1% (3.3% nominal) in April. This marks the fourth consecutive month of negative real growth rates for this portfolio. Meanwhile, the Global Business Confidence Opinion Index (IGOEC) registered 48.2 points in the fourth month of the year, 0.2 points lower than the indicator for March 2016, thus accumulating 14 consecutive months below the 50-point threshold.

By sector, in April, the services sector (56.9% of the total) contributed 1.2 percentage points to the growth rate of outstanding business loans; the construction sector maintained its contribution at 0.2 percentage points, while the remaining sectors (agriculture, mining, electricity, water and gas, and manufacturing) subtracted 2.3 percentage points from the overall growth rate due to the continued reduction in their loan balances. Furthermore, the April figure marks the fifth consecutive month that credit to the manufacturing sector has reduced the overall loan portfolio growth, although to a greater extent (-1.8 percentage points vs. -1.4 percentage points in Q1

2026). The metal industry, non-metal products, and food and beverages were the subsectors that most significantly detracted from portfolio growth.

**By currency composition** it is noteworthy that the outstanding loan portfolio in local currency (76.3% of outstanding business loans) achieved real growth of 2.1% in April (6.7% nominal), lower than the rate observed the previous month (3.2%) and, in turn, lower than the average real growth rate recorded during Q1 2026 (3.8%). Meanwhile, the outstanding loan portfolio in foreign currency slowed its rate of decline, going from a growth rate of -11.7% to a less pronounced drop of -10.6%.

As observed in recent months, exchange rate fluctuations dampened the growth of the foreign currency loan portfolio. Excluding the effect of exchange rate appreciation, the real growth rate for April would have been 0.7%, lower than the 0.9% observed the previous month (MIA) and the 1.5% average for Q1 2026. This means that the accounting effect of exchange rate appreciation on the foreign currency portfolio reduced growth by 11.3 percentage points. It should be noted that the foreign currency portfolio represents 23.7% of the corporate loan portfolio.

For the total outstanding business loan portfolio, after adjusting for the accounting effect of the exchange rate, an annual real growth rate of 1.8% is observed in April, which is lower than the real growth recorded the previous month and below the 3.2% observed in Q1 2026.

The slowdown observed in the various portfolios reflects both the weakness of domestic demand, due to lower economic activity and a labor market with a slow recovery, and the lower private investment, so it is expected that credit to companies will continue to show moderate growth in the coming months.

## **The Mexican financial system has maintained its strength despite a volatile international environment.**

The Bank of Mexico published the [Financial Stability Report](#) corresponding to June 2026. Within the update of the assessment of risks to financial stability, the central bank identifies among the main macro-financial risks: the intensification or prolongation of geopolitical conflicts, surprises in the trajectory of global financial conditions, lower than anticipated economic growth, unanticipated adjustments in the ratings of relevant national issuers and, the occurrence of a systemic event with implications for the global financial system.

Regarding the evolution of financing to different sectors of the economy, the Report highlights that the banking sector experienced a slowdown in consumer credit growth and that the probability of default in both revolving and non-revolving credit segments remained low. These stable risk levels contributed to a reduction in interest rates for new consumer loans. As for portfolio quality, the document notes an increase in delinquency rates in the consumer credit portfolio of multiple banks across all segments. Regarding asset quality, the report highlights the increase in delinquency across all segments of commercial banks' consumer loan portfolios.

However, after taking into account loan restructurings, debt forgiveness, and charge-offs, the NPL ratio for most segments remained below its historical average.

Consumer credit provided by non-bank intermediaries experienced a faster growth rate, particularly among unregulated entities, especially in the credit card and auto loan segments. In this case, an increase in the delinquency rate was also observed compared to the previous report. Regarding housing credit, multiple banks also registered a decrease in the growth rate of their portfolio, particularly in the new housing segment, and the probability of default on origination remained at stable levels, although adjusted delinquency (NPL) continued to increase, albeit at a slower pace than in the previous semester.

Regarding housing institutions, the Report indicates that Infonavit achieved greater loan origination activity for smaller loans, while Fovissste's portfolio continued to contract. In both cases, delinquency rates remained high compared to the levels of the last five years.

Financing to private non-financial companies slowed, both from external and internal sources. In particular, the growth rate of the banking sector's corporate loan portfolio decreased in the last six months, even after accounting for the impact of currency appreciation. Delinquency rates for this portfolio decreased, even considering write-offs and loan forgiveness, and remain low compared to the historical average. The Report highlights that the default rate for loans to smaller businesses continued to rise across all sectors. Conversely, delinquency rates for loans granted by non-bank financial intermediaries (particularly unregulated ones) increased compared to the previous report.

Regarding financing for public entities, the Report highlights that the risk profiles of most local governments improved, and the risks associated with their financing remained limited. In the case of Pemex, although a decrease in its total debt was observed, the company faces significant maturities in 2026 and 2027, while CFE managed to improve its debt maturity profile.

At the close of Q1 2026, the total assets of the Mexican financial system increased in real terms (2.3%), although at a slower rate than in previous quarters. Specifically, commercial banks (which represent 41.4% of the system's assets) registered a real year-on-year change of -0.4%, primarily due to derivatives trading and accounts receivable. Traditional banking operations (credit and deposits) continued to show growth in the first months of 2026.

The Report highlights that multiple banking institutions as a whole achieved capitalization levels above the regulatory minimums. The slight decrease observed in the Capital Adequacy Ratio (CAR) between September 2025 and March 2026 was associated with an increase in risk-weighted assets, particularly those related to credit risk, reflecting the growth of the loan portfolio. During the reference period, a decrease in the sector's net income was recorded, stemming from more moderate growth in the net interest margin and an increase in the growth of loan loss provisions.

The banking sector as a whole maintained ample liquidity positions. While, in aggregate, banks' liquid assets could withstand a significant withdrawal of deposits from their main creditors, some medium and small banks have a significant concentration of large depositors, which represents a

vulnerability. Despite this, the level of systemic risk associated with this concentration of funding remains limited.

Stress tests of the commercial banking sector indicate that it maintains sufficient capacity to absorb severe adverse scenarios, including macroeconomic and historical shocks, as well as extreme weather events. Regarding other non-bank financial intermediaries, the Report notes an increase in the number of vulnerable entities, although their share of total assets has decreased, and the banking sector's exposure to these entities remains low, meaning they do not represent a systemic risk.

In summary, the risk analysis carried out by the central institute suggests that the financial system maintains a stable position and capacity to face adverse scenarios, although risks associated with the global environment persist and require monitoring of their evolution.

## 2. Financial Markets

### **Why is a scenario of higher long-term interest rates for an extended period being priced in?**

In an environment of trade tensions and geopolitical fragmentation, the longer-than-expected duration of the conflict in the Middle East catalyzed a shift in fixed-income market expectations towards a scenario of higher long-term rates.

While the economic scenario has been underpinned by vulnerabilities such as the ever-increasing fiscal deficits of developed economies, the apparent weakness of global demand implied expectations of cuts in the short rate, which helped to mitigate long-term yields.

However, the conflict in the Middle East, particularly after three months, not only increased global uncertainty but also confronted central banks with a new supply shock that called into question expectations of an accommodative cycle. These doubts were dispelled by recent consumer and producer inflation data, as well as data from the US labor market, which came in above expectations.

Even after the announcement of a new ceasefire agreement in the Middle East and a possible early reopening of the Strait of Hormuz, long-term rates showed no significant reductions.

In fact, between the end of February and June 12, encompassing the three months and one week of the conflict, the yield to maturity of the 10-year Treasury bond rose from 4.00% to 4.48%, while for the 30-year bond the increase was 36 basis points (bps), pushing the yield above 5.0%

for the first time since 2007. However, it is important to note that this occurred after the announcement of the new ceasefire agreement (June 12) and before the hawkish tone of the new Fed chairman (June 17), both yields have fallen by only 2 and 1 bp, respectively.

What are the underlying vulnerabilities in the economic scenario that influenced the shift to one of higher long-term interest rates? Three main vulnerabilities can be distinguished:

First, there are concerns regarding the fiscal sustainability of developed countries. Faced with a persistent increase in fiscal needs and the absence of clear signs of spending restraint, debt issuance has continued to rise. As a result, public deficits in developed nations average between 4 and 5 percent of GDP, with debt levels exceeding 100 percent of their GDP. In the specific case of the United States, the fiscal deficit is even higher, at between 6 and 7 percent of GDP.

Second, there are the long-term effects of the conflict on energy prices. Even if an agreement is reached, restoring the flow of oil and gas through the Strait of Hormuz to pre-conflict levels will take several months, while the destruction of production facilities, especially gas facilities in Qatar, will make it difficult to meet demand in the short term.

Additionally, it is known that oil prices did not reach higher levels because some countries used their reserves. In fact, according to Goldman Sachs, global oil reserves have decreased by approximately 400 million barrels since the end of February, so it is expected that the demand to replenish them will be another factor that could put downward pressure on prices.

As an additional point, it is important to remember that Iran is one of the main producers of chemical elements for fertilizers, so the increase in these prices could have an upward effect on food prices in the coming months.

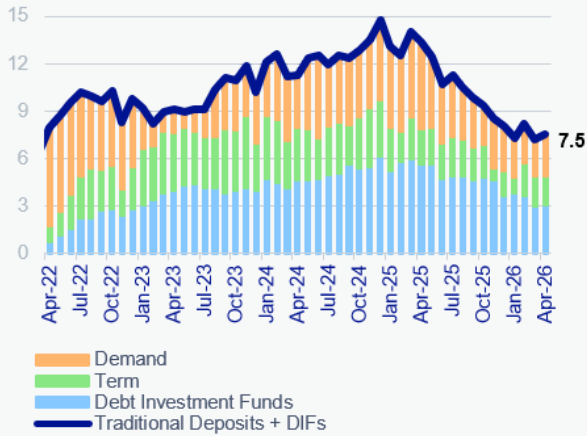
Third, the increase in global uncertainty. Geopolitical fragmentation, exacerbated since the beginning of the Trump administration, appears to be a constant in the economic landscape. This uncertainty is typically transmitted through various channels to long-term interest rates, either through expectations of the monetary policy rate or through the maturity premium.

In fact, according to Banxico, the weight of global uncertainty as a factor explaining the term premium on 10-year bonds has increased for both the US and Mexico. In the US, this factor rose from explaining 33% to 50% of the term premium between December 2019 and February 2026, while for Mexico, the increase was from 8% to 46% during the same period. It should be noted that, in the latter case, the third most important factor contributing to the term premium is, in turn, the US term premium.

Thus, the increased frequency of supply shocks since the pandemic makes it more difficult for central banks to achieve their objectives using standard tools and makes it more challenging for market participants to mask changes in structural components of the economic landscape with short-term signals. The recent conflict in the Middle East seems to suggest that it was not only a catalyst but also an amplifier of a scenario that already had medium-term structural vulnerabilities.

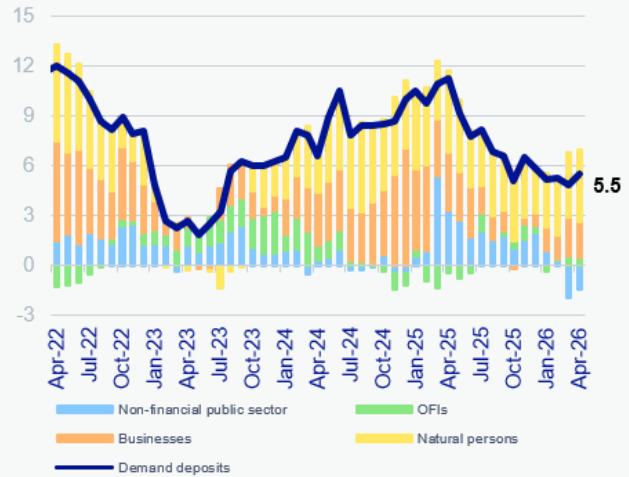
## Deposits: Graphics

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



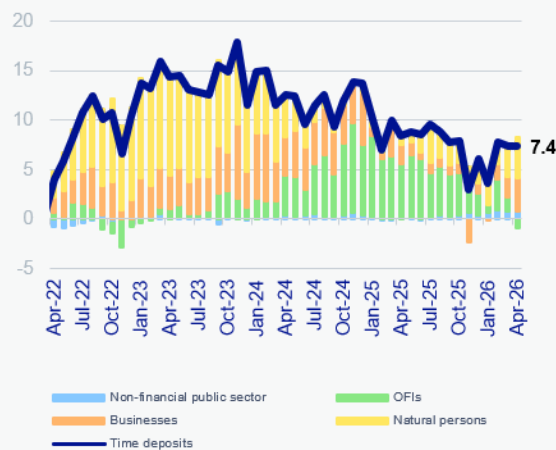
Source: BBVA Research with data from Banxico

**DEMAND DEPOSITS**  
(ANNUAL NOMINAL VAR,%)



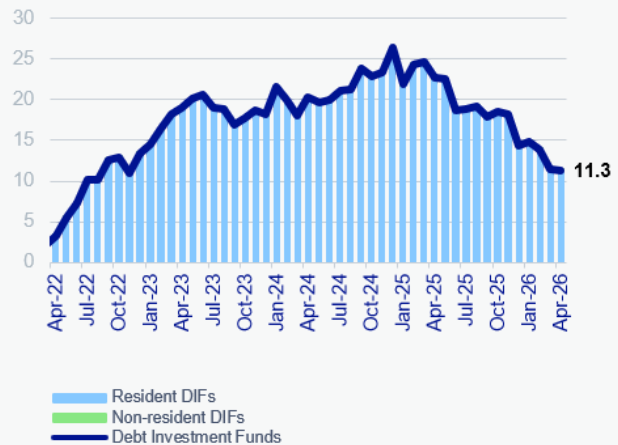
Source: BBVA Research with data from Banxico

**TIME DEPOSITS**  
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

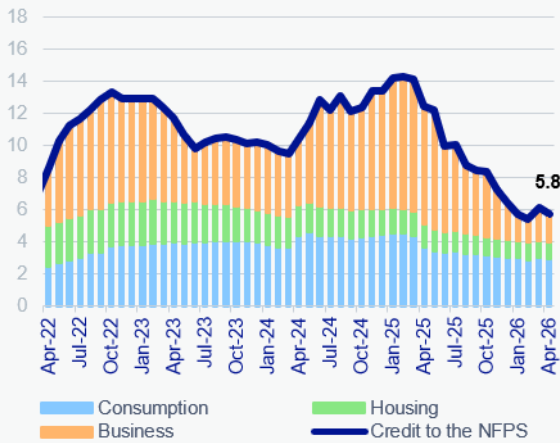
**DEBT INVESTMENT FUNDS (DIFs)**  
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

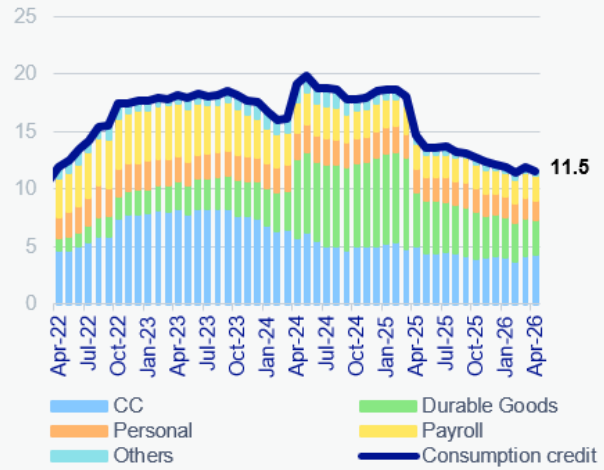
## Credit: Graphics

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



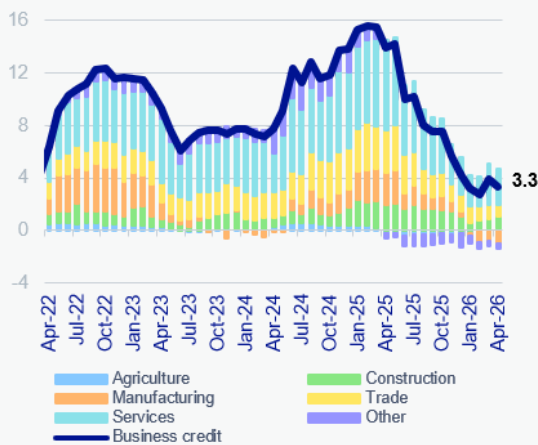
Source: BBVA Research with data from Banxico

**OUTSTANDING CONSUMER CREDIT**  
(ANNUAL NOMINAL VAR,%)



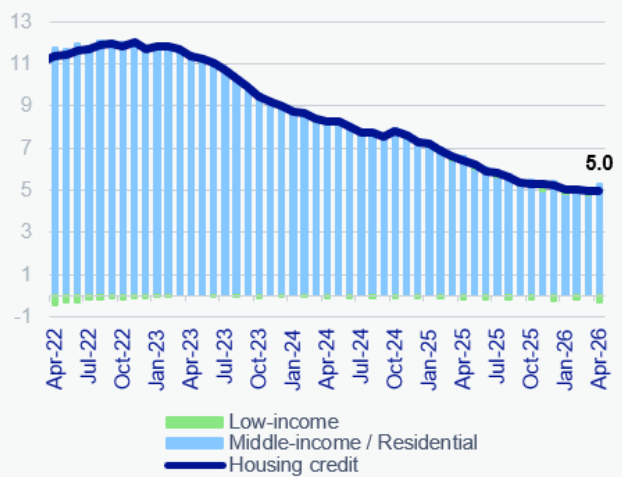
Source: BBVA Research with data from Banxico

**OUTSTANDING CREDIT FOR COMPANIES**  
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

**OUTSTANDING HOUSING LOANS**  
(ANNUAL NOMINAL VAR,%)



Source: BBVA Research with data from Banxico

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