GRUPO FINANCIERO HSBC, S.A. DE C.V.

First Quarter ended 31 March 2025 Report

Highlights

Quarter ended 31 March 2025

Total operating income excluding loan impairment charges	Profit before tax	Return on equity
MXN16,200m ↑ 12.0% or MXN1,738m	MXN3,272m ↑ 18.5% or MXN510m	12.4% ↑ 260bps
(2024: MXN14,462m)	(2024: MXN2,762m)	(2024: 9.8%)

Net income before discontinued operations	Profit before tax (under IFRS)[1]
MXN2,713m ↑ 33.2% or MXN676m	MXN3,823 ↑ 21.1% or MXN665m
(2024: MXN2,037m)	(2024: MXN3,158m)

At 31 March 2025

Net Loans and advances to customers	Total Deposits	Capital adequacy ratio	Common equity tier 1 ratio
MXN492.5bn ↑ 6.6% or MXN30.6bn	MXN582.9bn ↑ 3.3% or MXN18.9bn	17.5% ↑ 140 bps	11.5%
(At 31 Mar 2024: MXN461.9bn)	(At 31 Mar 2024: MXN564bn)	(At 31 Mar 2024: 16.1%)	(At 31 Mar 2024: 11.5%)

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Award and recognition

Euromoney

The British magazine, Euromoney, recognized HSBC Mexico as the Best Trade Finance provider 2025. This distinction is result of the Trade Finance Survey, which the magazine conducts annually with various companies around the world to recognize their best providers of trade finance. Additionally, HSBC Mexico earned first place in the Client Service and Technology subcategories.

Sáasil Badge

HSBC Mexico earned the Sáasil Badge for its efforts in creating products and services with a focus on gender equality. HSBC Mexico's Mujeres al Mundo program was the first in the country to integrate financial services and give access to training, networking, and an international network. This recognition was granted by the National Commission for the Protection and Defense of Financial Services Users (Condusef). With a jointly evaluation from this government agency and the National Institute for Women (Inmujeres), the recognition takes into consideration aspects such as the generation of products or services based on a diagnosis of the barriers to women's financial inclusion and the focus on women's empowerment, financial health and financial freedom, as well as gender equity policies within the organization.

[1] The main differences between Mexican GAAP and IFRS results for the three months to 2025 relate to differences in loan impairment charges, post-employment benefit, effective interest rate, deferred profit sharing, other insurance adjustment and additional tier 1 (AT1).

Economic review and outlook

Economic activity moderated

The economic activity index (IGAE) dropped by 0.2% month on month in January, driven by a contraction of 0.4% in industrial production. Services remained flat, while agricultural activities rose 3.1% month on month. On an annual basis, overall activity was unchanged in seasonally adjusted terms. Services and agricultural activities rose 1.0% and 14.6% year on year respectively, while industrial output declined 2.8% year on year. These figures suggest an overall moderation of activity in Q1 2025.

Monetary policy

Mexico's central bank (Banxico) cut the policy rate by 50bp twice in Q1 2025 (February and March). With these moves, the monetary policy rate fell to 9.0% in Q1 2025 from 10.0% in Q4 2024.

Inflation results

Inflation eased to 3.8% year over year in March 2025 from 4.2% in December 2024. This was driven by a better performance in the non-core component. Meanwhile, core inflation remained at 3.6% in March 2025, the same rate it registered in December 2024.

Financial performance – key metrics

Profit before tax for the three months of 2025 was MXN3,272m, an increase of MXN 510m or 18.5% compared with MXN2,762m for the same period in 2024.

Net interest income for the three months of 2025 was MXN12,319m, an increase of MXN782m or 6.8% compared with MXN11,537m for the same period in 2024. The increase is mainly explained by the growth of wholesale and retail loan portfolios.

Loan impairment charges for the three months of 2025 were MXN4,241m, an increase of MXN1,095m or 34.8% compared with MXN3,146m for the same period in 2024. The increase is mainly explained by commercial loans portfolio growth coupled with higher provisions in specific customers and releases from last year, partially offset by a better performance in retail loans portfolio.

Net fee income for the three months of 2025 was MXN3,027m, an increase of MXN590m or 24.2% compared with MXN2,437m for the same period in 2024 is mainly driven by increase in commercial activity, credit card and investment funds.

Trading income for the three months of 2025 was MXN1,304m, an increase of MXN348m or 36.4% compared with MXN956m for the same period in 2024, mainly driven by higher reductions in the benchmark interest rate during the 1Q25, increasing the revenues generated from fixed income products.

Other operating income (expense) for the three months of 2025 was MXN307m, decreased by MXN431m or 58.4% compared with MXN738m for the same period in 2024, the main driver was a reclassification of unit link reserves to other expenses.

Administrative and personnel expenses for the three months of 2025 were MXN8,762m, an increase of MXN147m or 1.7%, compared with MXN8,615m for the same period in 2024 is mainly due to higher staff expenses, IT and related tax costs.

The cost efficiency ratio was 54.1% for the three months of 2025 compared with 59.6% for the same period in 2024.

The effective tax rate was 17.1% for the three months of 2025, compared with 26.2% reported for the same period in 2024. The variation is mainly driven by reassessments in deferred tax assets and decrease of reserves accrued.

At 31 March 2025, **net loans and advances** were MXN492.5bn showing an overall increase of MXN30.6bn, or 6.6% compared with MXN461.9bn. The increase is driven mainly by 13.2% growth in (CIB) portfolio compared to 31 March 2024, with (IWPB) portfolio grew by 1.2%.

At 31 March 2025, **credit cost ratios[2] and loan loss reserves ratios[3]** were 3.3% (2.6% as of 31 March 2024) and 3.7% (3.6% as of 31 March 2024) respectively.

Return on equity was 12.4% for the three months of 2025 compare with 9.8% for the same period in 2024.

Total stage 3 loans at 31 March 2025 were MXN12.3bn representing 2.4% of gross loans. Following the HSBC approach for stage 3 loans, out of the 2.4%, 0.1% relates to loans with an indication of unlikeliness to pay despite not being 90 days past due and 2.3% relates to loans with 90 or more days past due. As of March 2024, stage 3 loans were MXN11.4bn and 2.4% as a percentage of gross loans, of which 0.1% were related to loans with an indication of unlikeliness to pay despite not being 90 days past due and 2.3% were related to loans with 90 or more days of past due. At 31 March 2025, **total loan loss allowances** were MXN19.1bn, an increase of MXN2.0bn or 11.5% compared with MXN17.2bn to same period in 2024. The total coverage ratio (allowance for loan losses divided by stage 3 loans) was 155.6% at 31 March 2025 compared with 150.7% at 31 March 2024.

At 31 March 2025, **total deposits** were MXN582.9bn, an increase of MXN18.8bn or 3.3%, compared with MXN564.1bn at 31 March 2024, mainly driven by higher demand deposits.[4]

HSBC Mexico S.A. ('the bank') profit before tax for the three months of 2025 was MXN2,626m, an increase of MXN407m or 18.3% compared with MXN2,219m for the same period in 2024 is mainly driven by higher net interest income and fee income partially offset by loan impairment charges.

HSBC Bank Mexico S.A. ('the bank') net income for the three months of 2025 was MXN2,265m, an increase of MXN612m or 37.0% compared with MXN1,653m for the same period in 2024

HSBC Bank Mexico S.A. ('the bank') net interest income for the three months of 2025 was MXN12,197m, an increase of MXN807m or 7.1%, compared with MXN11,390m for the same period in 2024.

The **profit before tax of Grupo Financiero HSBC's insurance subsidiary** for the three months of 2025 was MXN424m, an increase of MXN67m or 18.8% compared with MXN357m for the same period in 2024, mainly driven by premiums and mark to market from financial instruments increase partially offset by technical reserves.

HSBC Mexico S.A. ('the bank') is a subsidiary of Grupo Financiero HSBC, S.A. de C.V. (Grupo Financiero HSBC) and is subject to supervision by the Mexican Banking and

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[2] Credit cost ratio: Loan Impairment charges annualized/Gross Loans

[3] Loan loss reserve ratio: Loan Loss Reserves/Gross Loans.

[4] Figures split by segment are MXN281.1bn IWPB and MXN301.8bn CIB.

Securities Commission. The bank is required to file financial information on a quarterly basis (in this case for the period ended 31 March 2025) and this information is publicly available. Given that this information is available in the public domain, Grupo Financiero HSBC has elected to file this release. HSBC Seguros, S.A. de C.V. Grupo Financiero HSBC (HSBC Seguros) is Grupo Financiero HSBC's insurance subsidiary.

Results are prepared in accordance with Mexican GAAP (Generally Accepted Accounting Principles).

Our business segments[5,6,7]

Effective from 1 January 2025, reporting segments comprise two main businesses along with Corporate Centre:

Corporate and Institutional Banking ('CIB')

is an international wholesale bank with significant competitive advantages. It has a powerful deposit franchise with financing capabilities supported by the strength of our balance sheet and our network. It has the products and skills required to serve the global banking needs of international corporate clients, particularly in transaction banking where we continue to invest. This positions us to better capture global and intraregional flows as supply chains reconfigure, new trade routes emerge, economies grow, and customers' expectations of financial services evolve.

International Wealth and Premier Banking ('IWPB')

is ideally placed to capture the increasing number of affluent and high net worth, especially those with international banking needs who seek new investment opportunities to help them to protect and grow their wealth. Our recognized brand, financial strength and complementary footprints serve to reinforce HSBC's position in the world's fastest-growing wealth markets. We also have an asset management business with distinct specialism in both regions offering customers access to investment opportunities across asset classes.

Corporate and Institutional Banking (CIB)

Offers a full range of commercial financial services and tailored solutions to clients ranging from small enterprises to large corporates operating internationally.

Review of financial performance

	Quarter Ended					
	31-Mar-25			31-Mar-24		
	CIB[5]*	MSS[6]*	CIB	CIB[5]*	MSS[6]*	CIB
Net interest income	3,548	290	3,838	3,340	153	3,493
Non-interest income	213	459	672	325	80	405
Total revenue	**3,761**	**749**	**4,510**	**3,665**	**233**	**3,898**
Loan impairment charges	(735)	-	(735)	578	-	578
Net operating income	**3,026**	**749**	**3,775**	**4,243**	**233**	**4,476**
Administrative and personnel expenses	(1,429)	(254)	(1,683)	(1,439)	(261)	(1,700)
Share of profits in equity interest	7	-	7	5	-	5
Profit/(loss) before tax	**1,604**	**495**	**2,099**	**2,809**	**(28)**	**2,780**

*Credit & Lending, Trade and Payment Services

Key metrics

Profit before tax for the three months of 2025 was MXN2,099m, a decrease of MXN681m or -24.5% compared with MXN2,780m for the same period in 2024, driven by increase on loan impairment charges, partially offset by higher revenues. With Markets Treasury allocation, profit before tax was MXN2,270m.

Total revenue for the three months of 2025 was MXN4,510m, an increase of MXN612m or 15.7% compared with MXN3,898m for the same period in 2024, mainly explained by higher net interest income following increase on loans and deposit volumes coupled higher trading income taking advantage of market conditions; this is partly offset by higher deposit insurance costs.

Loan impairment charges for the three months of 2025 were MXN735m, an increase of MXN1,312m or more than 100% compared with MXN578m for same period in 2024, mainly explained by loan portfolio growth coupled with higher provisions in specific customers during current period while there was release of provision last year.

Administrative and personnel expenses for the three months of 2025 were MXN1,683m, a decrease of MXN17m or -1.0% compared with MXN1,700m for the same period in 2024, explained by lower operational activity costs, partly offset by higher staff cost following inflation.

At 31 March 2025, **net loans and advances to customers** were MXN237.7bn, an increase of MXN27.6bn or 13.2% compared with MXN210bn at 31 March 2024, driven by continuous increase on International Corporates & Multinational segments observed since 4Q24.

At 31 March 2025, **total deposits** were MXN301.8bn, an increase of MXN59.0bn or 24.3% compared with MXN242.9bn at 31 March 2024, mainly coming from International Corporates & Multinationals as well as to support the increase on the asset side.

[5] CIB*: Credit and Lending, Trade and Payment Services

[6]MSS*: Market and Securities Services.

Milestones

Client event. From 24 February to 1 March 2025, HSBC sponsored the Mexican Tennis Open in Acapulco, 45 clients and 18 Bank executives from CIB attended with their guests. The social objective was regarding incentivize clients and attendants to donate for the community of Coyuca de Benítez during the event through HSBC stand.

DCM transaction. HSBC Mexico acted as joint leader and bookrunner for the MXN15,000m local bond emission by Grupo Bimbo to support the client on reaching competitive funding levels, 2 tranches for 3 years (floating rate) and 7 years (fixed rate) that comprised this transaction.

In addition, HSBC Mexico continues with the Transaction Banking Academy held in Merida and Torreon to connect with clients and prospects with discussions around macroeconomic and political outlook cash management and future of trade receiving.

International Wealth and Premier Banking (IWPB)

Offers a full range of competitive banking products and services to help manage the finances of our clients, buy their homes, and save and invest for the future.

Review of financial performance

	Quarter Ended	
	31-Mar-25	**31-Mar-24**
Net interest income	8,216	8,525
Non-interest income	2,392	1,751
Total revenue	**10,608**	**10,276**
Loan impairment charges	(3,507)	(3,724)
Net operating income	**7,102**	**6,553**
Administrative and personnel expenses	(6,290)	(6,387)
Share of profits in equity interest	68	56
Profit/(loss) before tax	**880**	**221**

Key metrics

Profit before tax for three months of 2025 was MXN880m, an increase of MXN659m or more than 100% compared with the MXN221m for the same period in 2024. This outcome was predominantly driven by increased fees and commissions, lower administrative expenses, and loan impairment charges, partially offset by a decrease in net interest income due to lower market rates environment. With Markets Treasury allocation, profit before tax was MXN989m.

Total revenue for the three months of 2025 was MXN10,608m, an increase of MXN332m or 3.2%, compared with MXN10,276m for the same period in 2024. This revenue growth was driven by higher lending net interest income and fees, alongside higher investments.

Loan impairment charges for the three months of 2025 were MX3,507m, a reduction of MXN217m or -5.8% compared with MXN3,724m for the same period in 2024. The improvement is driven mainly by better portfolio performance in payroll loans.

Administrative and personnel expenses for the three months of 2025 were MXN6,290m, a reduction of MXN97m or -1.5% compared with MXN6,387m for the same period in 2024. This decrease was primarily due to lower staff costs.

At 31 March 2025, **net loans and advances to customers** were MXN254.6bn, it is showing an overall increase of MXN2.9bn or 1.2% compared with MXN251.6bn at 31 March 2024. This growth was predominantly observed in mortgages (2%).

Total deposits at 31 March 2025 amounted to MXN281.0bn, an increase of MXN0.5bn or 0.2% from MXN280.5bn at 31 March2024.

Milestones

Grupo Financiero HSBC, S.A. de C.V. continues its path to become the main bank of its customers. Relevant milestones achieved include:

Shift to Affluent. Key milestones were achieved including re-segmentation, Relationship Manager (RM) portfolio rebalancing, incentive framework adjustments, and Customer Relationship Management (CRM) campaign reconfiguration. Customer re-segmentations to Premier were successfully executed, resulting in approximately 677k customer movements between upgrades and portfolio changes. Modifications to the frontliners' incentive scheme, aligned with the Shift to the strategy, were approved this period to prioritize the commercialization of wealth products and the acquisition of new wealth net money.

Mutual funds and unit-linked products are performing strongly. During this period, we launched a new international equity mutual fund, **(HSBC Global Equity)**.

Mexico is the first country to commence the utilization of **Medalia** as a provider of customer experience insights. This partnership will: (i) Increase the accuracy of text analytics, (ii) Eliminate manual work, (iii) Enhance AI analysis, (iv) Enable tracking of the level of satisfaction for subsequent surveys, and (v) Observe changes in trends.

About HSBC

Grupo Financiero HSBC, S.A. de C.V., is one of the leading financial groups in Mexico with 807 branches, 5,230 ATMs and 13,654 employees as of 31 March 2025.

For more information, visit www.hsbc.com.mx.

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 58 countries and territories. With assets of USD 3,054bn at 31 March 2025, HSBC is one of the world's largest banking and financial services organisation.

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Consolidated Income Statement – GROUP three months ended 31 March 2025

Figures in MXN Millions

	Group	
	31-Mar-25	**31-Mar-24**
Interest income	24,246	22,478
Interest expense	(11,927)	(10,941)
Net interest income	**12,319**	**11,537**
Loan impairment charges	(4,241)	(3,146)
Risk-adjusted net interest income	8,078	8,391
Fees income	3,647	3,348
Fees expense	(620)	(911)
Premiums, Technical provisions, claims and other liabilities (Insurance)	(143)	270
Trading income	1,304	956
Other operating income (expense)	(307)	(738)
Total operating income	**11,959**	**11,316**
Administrative and personnel expenses	(8,762)	(8,615)
Net operating income	**3,197**	**2,701**
Share of profits in equity interest	75	61
Profit before tax	**3,272**	**2,762**
Income tax	(559)	(725)
Net income before discontinued operations	**2,713**	**2,037**
Net income	**2,713**	**2,037**

Consolidated Income Statement – BANK three months ended 31 March 2025

Figures in MXN Millions

	Bank	
	31-Mar-25	**31-Mar-24**
Interest income	24,153	22,340
Interest expense	(11,956)	(10,950)
Net interest income	**12,197**	**11,390**
Loan impairment charges	(4,241)	(3,146)
Risk-adjusted net interest income	7,956	8,244
Fees income	3,397	3,122
Fees expense	(744)	(1,020)
Trading income	769	682
Other operating income (expense)	(150)	(321)
Total operating income	**11,228**	**10,707**
Administrative and personnel expenses	(8,676)	(8,549)
Net operating income	**2,552**	**2,158**
Share of profits in equity interest	74	61
Profit before tax	**2,626**	**2,219**
Income tax	(361)	(566)
Net income before discontinued operations	**2,265**	**1,653**
Net income	**2,265**	**1,653**

Consolidated Balance Sheet – 2025 (Comparatives)

Figures in MXN millions	Group		Bank	
	31 Mar 25	**31 Mar 24**	**31 Mar 25**	**31 Mar 24**
Assets				
Cash and cash equivalents	61,550	67,716	61,369	67,548
Margin accounts	390	64	390	64
Financial Investments	**235,813**	**182,382**	203,833	**164,428**
Trading financial investments	85,331	79,246	60,036	67,764
Financial investments hold to collect and sale	103,729	67,097	97,044	60,625
Financial investments hold to collect principal and interest (securities) (net)	46,753	36,039	46,753	36,039
Reverse repurchases agreements	56,204	42,726	56,204	42,726
Derivative transactions	19,162	25,382	19,162	25,832
Loan and advances - credit risk stage 1				
Commercial loans	246,799	221,864	246,799	221,864
Consumer loans	97,476	97,011	97,476	97,011
Mortgage loans	145,871	142,537	145,871	142,537
Total loan portfolio with credit risk stage 1	490,146	461,412	490,146	461,412
Loan and advances - credit risk stage 2				
Commercial loans	3,522	710	3,522	710
Consumer loans	3,102	3,020	3,102	3,020
Mortgage loans	2,385	2,323	2,385	2,323
Total loan portfolio with credit risk stage 2	9,009	6,053	9,009	6,053
Loan and advances - credit risk stage 3				
Commercial loans	5,256	5,103	5,256	5,103
Consumer loans	3,097	2,807	3,097	2,807
Mortgage loans	3,954	3,479	3,954	3,479
Total loan portfolio with credit risk stage 3	12,307	11,389	12,307	11,389
Loan Portfolio measured at fair value				
Gross loans and advances to customers	511,462	478,584	511,462	478,854
Expected credit losses	(19,144)	(17,164)	(19,144)	(17,164)
Gross loans and advances to customers - Insurance	161	167	0	-
Total net loans and advances to customers	**492,479**	**461,857**	**492,318**	**461,690**
Premium receivables	2,780	2,660	-	-
Accounts receivables from reinsurers and rebonding companies	107	124	-	-
Other accounts receivable (net)	45,185	44,201	45,231	44,201
Foreclosed assets	317	249	317	249
Long term assets held for sale	1,063	10	1,063	10
Property, furniture and equipment (net)	6,428	6,549	6,428	6,549
Property, furniture and equipment (net) – Rights-of-use assets (RoU)	3,105	3,271	3,102	3,266
Prepayments and other assets	7,028	6,934	6,613	6,899
Long-term investments	458	1,400	406	1,355
Deferred income tax asset (net)	7,659	7,093	7,543	6,986
Intangible assets (net)	7,133	7,425	7,133	7,425
Intangible assets (net) - RoUassets	255	284	0	-
Goodwill	955	955	0	-
Benefits receivable in securitization transactions	0	10	0	10
Total assets	**948,071**	**861,742**	**911,112**	**839,238**

Consolidated Balance Sheet - 2025 (continued)
Figures in MXN millions

	Group		Bank	
	31 Mar 25	**31 Mar 24**	**31 Mar 25**	**31 Mar 24**
Liabilities				
Deposits	**582,905**	**564,064**	**583,324**	**564,443**
Demand deposits	383,821	364,503	384,226	364,863
Time deposits	177,199	188,978	177,213	188,997
Bank bond outstanding	19,374	8,636	19,374	8,636
Global deposit account without movements	2,511	1,947	2,511	1,947
Bank deposits and other liabilities	**11,147**	**12,014**	**11,147**	**12,014**
On demand	-	-	-	-
Short-term	6,361	4,857	6,361	4,857
Long-term	4,786	7,157	4,786	7,157
Pending securities to pay	1	-	1	-
Technical reserves	31,029	16,577	-	-
Unsettled transactions	1	-	-	-
Repurchase agreements	72,332	47,030	72,332	47,030
Collateral sold	**49,381**	**34,635**	**49,381**	**34,635**
Reports (credit balance)	48,013	23,199	48,013	23,199
Securities lending	1,368	11,436	1,368	11,436
Derivative financial liabilities	**22,410**	**27,144**	**22,410**	**27,144**
Trading derivatives	22,400	27,136	22,400	27,136
Hedging derivatives	10	8	10	8
Accounts payable from reinsurers and rebonding companies	19	16	0	-
Lease liabilities	3,174	3,323	3,171	3,318
Other payable accounts	**37,881**	**38,533**	**37,129**	**37,736**
Settlement accounts	17,099	15,410	17,007	15,296
Income tax and employee profit sharing payable	1,101	3,354	1,101	3,354
Contributions for future capital increases	1,336	1,177	1,258	1,102
Sundry creditors and other accounts payable	18,344	18,592	17,763	17,984
Financial instruments qualifying as liabilities (subordinated debt)	**39,706**	**26,927**	**39,706**	**26,927**
Subordinated debentures outstanding	39,706	26,927	39,706	26,927
Income tax liabilities	1,223	67	1,198	38
Employee benefit liabilities	5,613	4,937	5,556	4,876
Deferred credits and receivable in advance	2,098	1,895	2,098	1,895
Total liabilities	**858,922**	**777,162**	**827,453**	**760,056**
Equity				
Paid in capital	**43,373**	**43,373**	**38,318**	**38,318**
Capital stock	6,218	6,218	6,132	6,132
Additional paid in capital	37,155	37,155	32,186	32,186
Other reserves	**48,873**	**44,811**	**48,277**	**44,287**
Capital reserves	1,244	1,244	15,305	14,510
Retained earnings - prior years	44,915	41,530	30,707	28,126
Net income	2,713	2,037	2,265	1,651
Result from the mark-to-market of available- for-sale securities	159	(717)	299	(721)
Result from cash flow hedging transactions	(87)	(160)	(87)	(160)
Adjustment in the employee pension	(3,171)	(2,730)	(3,148)	(2,541)
Total controlling interests	89,147	84,577	83,659	79,182
Minority interest in capital	3	3	-	-
Total shareholder's equity	**89,150**	**84,580**	**83,659**	**79,183**
Total liabilities and equity	**948,071**	**861,742**	**911,112**	**839,238**

Consolidated Balance Sheet – 2025 (continued)

Figures in MXN millions

	Group		Bank	
	31-Mar-25	**31-Mar-24**	**31-Mar-25**	**31-Mar-24**
Memorandum accounts				
Third party accounts	303	**471**	-	-
Clients current accounts	303	471	-	-
Proprietary position	**2,750,343**	**3,659,755**	**2,528,253**	**3,446,306**
Irrevocable lines of credit granted	431,710	361,809	431,710	361,809
Goods in trust or mandate	201,174	**201,076**	201,174	**201,076**
Trusts	200,306	200,220	200,306	200,220
Mandate	868	856	868	856
Goods in custody or under administration	415,882	358,646	415,882	358,646
Collateral received by the institution	58,760	54,616	58,760	54,616
Collateral received and sold or delivered as guarantee	49,840	34,638	49,840	34,638
Suspended interest on stage 3 loans	517	756	517	756
Other control accounts	1,592,460	2,648,214	1,370,370	2,434,765
Total memorandum account	**2,750,646**	**3,660,226**	**2,528,253**	**3,446,306**

Consolidated Statement of Changes in Shareholders' Equity

Figures in MXN millions

Group	Capital contributed	Capital reserves	Retained earnings – prior years	Valuation of financial investments hold to collect or sale	Valuation of cash flow hedging transactions	Remeasurement of defined benefits to employees	Total controlling interest	Minority interest	**Total equity**
Total Balances at 01 Jan 2025	43,373	1,244	41,443	(646)	(204)	615	85,826	3	**85,829**
Adjustments for accounting changes	-	-	-	-	-	-	-	-	**-**
Cash dividends*	-	-	3	-	-	-	3	-	**3**
Capitalization of other equity items	-	-	-	-	-	-	-	-	**-**
Comprehensive Income:									
Net income	-	-	2,713	-	-	-	2,713	-	**2,713**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	805	-	-	805	-	**805**
Valuation of cash flow hedging transactions	-	-	-	-	117	-	117	-	**117**
Remeasurement of defined benefits to employees	-	-	3,410	-	-	(3,727)	(317)	-	**(317)**
Total	**-**	**-**	**6,123**	**805**	**117**	**(3,727)**	**3,318**	-	**3,318**
Final balances as of 31 March 2025[8]	**43,373**	**1,244**	**47,569**	**159**	**(87)**	**(3,112)**	**89,147**	**3**	**89,150**

[8] Include AT1 coupon payments.

Consolidated Statement of Changes in Shareholders' Equity

Figures in MXN million

Bank	Capital contributed	Capital reserves	Retained earnings – prior years	Valuation of financial investments hold to collect or sale	Valuation of cash flow hedging transactions	Remeasurement of defined benefits to employees	Total controlling interest	Minority interest	**Total equity**
Total Balances at 01 Jan 2025	38,318	15,305	30,714	(471)	(204)	(2,841)	80,822	-	**80,822**
Adjustments for accounting changes	-	-	(8)	-	-	-	(8)	-	(8)
Movements inherent to the shareholders' decision:									
Dividends declared (including AT1 coupon payments)	-	-	1	-	-	-	**1**	-	**1**
Capitalization of other equity items	-	-	-	-	-	-	**-**	-	**-**
Reserve movements	-	-	-	-	-	-	**-**	-	**-**
Comprehensive income:									
Net income	-	-	2,265	-	-	-	**2,265**	-	**2,265**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	770	-	-	**770**	-	**770**
Valuation of cash flow hedging transactions	-	-	-	-	117	-	**117**	-	**117**
Remeasurement of defined benefits to employees	-	-	-	-	-	(307)	**(307)**	-	**(307)**
Participation in comprehensive income of other entities	-	-	-	-	-	-	**-**	-	**-**
Total	**-**	**-**	**2,265**	**770**	**117**	**(307)**	**2,845**	**-**	**2,845**
Final balances as of 31 March 2025	**38,318**	**15,305**	**32,972**	**299**	**(87)**	**(3,148)**	**83,659**	**-**	**83,659**

Consolidated Statement of Cash Flow - Group
Figures in MXN millions

	31 Mar 2025
Profit/(loss) before taxes	**3,272**
Adjustments for items associated with investing activities	**1,101**
Depreciation of property, furniture and equipment	296
Amortization of intangible assets	880
Participation in the net result of other entities	(75)
Adjustments for items associated with financing activities	**1,573**
Interest associated with bank deposits and other liabilities	271
Financial instruments qualifying as liabilities (subordinated debt)	1,302
Changes in items related to operating activities	**(12,689)**
Bank deposits and other liabilities	575
Margin accounts	(294)
Financial investments	(17,497)
Reverse repurchases agreements	29,820
Derivative transactions (assets)	7,859
Loan portfolio (net)	432
Debtors of re-insurance	(96)
Recoverable amounts for reinsurance and refinancing (net)	(26)
Change in benefits from receiving securitization operations	-
Change in inventories	-
Other accounts receivable (net)	(6,237)
Foreclosed assets (net)	(41)
Deposits	(35,643)
Technical reserves	2,856
Repurchase agreements	39,415
Collaterals sold or given in guarantee	(20,602)
Derivative transactions (liabilities)	(8,891)
Accounts payable for reinsurers	6
Change of assets/liabilities for employee benefits	(825)
Other accounts payable	898
Other provisions	(3,289)
Income tax payments	(1,109)
Net cash flows from operating activities	**(6,743)**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	**(51)**
Proceeds from the sale of property, furniture and equipment	-
Collections of cash dividends from permanent investments	117
Payments for acquisition of intangible assets	(341)
Other receipts from investing activities	-
Other payments from investing activities	(2)
Net cash flows from investing activities	**(277)**
Financing activities:	
Payments of bank loans and other organizations	**(341)**
Cash dividend payments	-
Proceeds from the issuance of financial instruments that qualify as liabilities	-
Collections for the issuance of financial instruments that qualify as liabilities	-
Net cash flows from financing activities	**(341)**
Increase/Decrease in cash and equivalents	(7,361)
Cash and equivalents at beginning of period	68,911
Cash and equivalents as of 31 March 2025	**61,550**

Consolidated Statement of Cash Flow - Bank
Figures in MXN millions

	31 Mar 2025
Profit before taxes	**2,626**
Adjustments for items associated with investing activities	**1,102**
Depreciation of property, furniture and equipment	296
Amortization of intangible assets	880
Other adjustments for items associated with investing activities	(74)
Adjustments for items associated with financing activities	**1,573**
Interest associated with bank deposits and other liabilities	271
Financial instruments qualifying as liabilities (subordinated debt)	1,302
Changes in items related to operating activities:	**(12,044)**
Bank deposits and other liabilities	575
Margin accounts	(294)
Financial investments	(14,221)
Reverse repurchases agreements	29,820
Derivative transactions (assets)	7,859
Loans and advances (net)	417
Change in benefits from receiving securitization operations	-
Other accounts receivable (net)	(5,850)
Foreclosed assets (net)	(41)
Other operating assets	(1,592)
Deposits	(35,732)
Repurchase agreements	
Collaterals sold or given in guarantee	39,415
Derivative transactions (liability)	(20,602)
Adjustments for employee benefits	(8,891)
Other operational liabilities	(1,921)
Change of assets/liabilities for employee benefits	(483)
Other accounts payable	3,607
Other provisions	(3,205)
Income tax payments	(905)
Net cash flows from operating activities	**(6,743)**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	**(50)**
Payments for the acquisition of affiliates	-
Collections of cash dividends from permanent investments	117
Payments for acquisition of intangible assets	(341)
Other payments from investing activities	-
Net cash flows from investing activities	**(274)**
Financing activities:	
Lease liability payments	**(341)**
Cash dividend payments	-
Proceeds from the issuance of financial instruments that qualify as liabilities	-
Payments associated with financial instruments that qualify as a liability	-
Net cash flows from financing activities	**(341)**
Increase/Decrease in cash and equivalents	(7,358)
Cash and equivalents at beginning of period	68,727
Cash and equivalents as of 31 Mar 2025	**61,369**

Changes in mexican accounting standards

Introduction

These consolidated financial statements are prepared in accordance with the accounting standards applicable to financial group holding companies in Mexico, effective as of the date of the consolidated statement of financial position, issued by the National Banking and Securities Commission (CNBV for its acronym in Spanish), the entity responsible for inspecting and supervising financial group holding companies and reviewing their financial information. The subsidiaries financial statements have been prepared in accordance with the accounting criteria established by the CNBV, except for the consolidated financial statements of HSBC Insurance Company, which are prepared under the criteria applicable to Finance and Insurance Institutions in Mexico, issued by the National Insurance and Bonding Commission (CNSF, for its acronym in Spanish).

The accounting criteria established by the National Banking and Securities Commission and the National Insurance and Bonding Commission, generally follow the requirements of the Mexican Financial Reporting Standards (NIF, for its acronym in Spanish), issued by the Mexican Financial Reporting and Sustainability Standards Board (CINIF, for its acronym in Spanish), and additionally include rules for the recognition, valuation, presentation and disclosures for banking sector particular transactions, which in some cases could be different from NIF.

The accounting criteria states that the Banking Commission will issue specific rules for specialized operations. In the absence of express accounting criteria, the supplementary process established in chapter 90 Supplementary in NIF A-1, Conceptual framework of NIF will be observed, and in accordance with this, only in the event that International Financial Reporting Standards (IFRS) do not provide a solution to the accounting recognition, a supplementary standard belonging to any other regulatory scheme may be applied in the following order: Accounting Principles Generally Accepted In the United States of America and any accounting standards that is part of a set of formal and recognized standards, provided that they meet all the requirements set forth in the aforementioned NIF.

The recent changes or new developments in accounting standards issued by CNBV or CINIF applicable to the bank as principal subsidiary of Grupo Financiero HSBC, are described below:

I. CINIF issued the document "Improvements to NIF 2025".

It includes the following amendments effective from 2025 (unless otherwise stated):

Accounting changes.

NIF A-1 "Conceptual framework" – Updated disclosure requirements for "Significant Accounting Policies" to enhance relevance and clarity based on their materiality and, focusing on the nature and substance of transactions rather than duplicating or summarizing standards disclosures requirements.

NIF B-14 "Earnings per share" – Now applies only to entities with equity instruments listed or in the process of listing on a stock exchange.

NIF B-15 "Foreign currency translation" – Specifies procedures when a currency becomes non-exchangeable at the conversion date. Includes guidance on determining spot rates and disclosures requirements, aligned with IAS 21.

NIF C-3 "Receivables" – Eliminates the requirement to present variable consideration (e.g. discounts, refunds) separately in income statement, aligned with NIF D-1 "Revenue from contracts with customers". Instead, requires to disclosure variable consideration concepts.

NIF C-6 "Property, plant and equipment" – Eliminates the "special depreciation method" and clarifies accepted methods of depreciation.

NIF D-1 "Revenue from contracts with customers" – Scope expended to include contracts similar to insurance contracts, but with a service delivery economic substance (e.g. roadside assistance services). Applies if: i) Price is not established in relation to risk customer assessment, ii) No payments in cash, instead providing only services and iii) Insurance risk is related to the use of assistance services, instead of uncertainty about the cost of those services.

No significant financial impacts were observed in the implementation of all these changes.

Clarifications that not resulting in accounting changes.

NIF A-1 "Conceptual framework" – Updates the definition of financial statements users to align with Sustainability Reporting Standards (NIS by its acronym in Spanish). Also, requiring the disclosure of ESG-related risks.

For accounting policies, clarifies that only the most relevant must be disclosed.

Finally, clarifies that disclosures from "Public interest entities" (EIP by its acronym in Spanish) should meet the broader and more diverse information needs of external users, in comparison for entities not classified as such.

NIF C-19 "Financial liabilities" – Clarifies that long-term financial liabilities with suppliers (maturity beyond one year) must be measured at amortised cost.

NIF convergence updates with IFRS:

- NIF B-8 "Consolidated and combined financial statements" – Aligns with IFRS 10 regarding to the disclosure of significant non-controlling interests.
- NIF C-6 "Property, plant and equipment" – Removes the disclosure about the incurred and estimated accumulated investment cost to complete construction on progress.
- NIF C-8 "Intangible Assets" – IAS 38 assumes that the separate acquisition of an intangible assets meets the probability criterion to obtain future economic benefits. Conversely, NIF C-8 requires an analysis in all cases to confirm that criterion is met raising a difference between Mex GAAP and IFRS.
- NIF C-9 "Provisions, contingencies and commitments" – Aligns with IAS 37, only a contingent asset or reimbursement must be recognised in balance sheet upon it is virtually certain it will be recovered.

Also, it includes a description of costs to be considered in onerous contracts measurement in convergence with IAS 37.

- NIF C-10 "Derivatives and hedge relationships" – This standard includes an additional criterion to determine the effectiveness in a hedge relationship, related to the economic and operational capabilities of counterparties to meet their commitments, which is not included in IFRS 9, raising a difference between Mex GAAP and IFRS.

- NIF D-8 "Share-based payment" – Aligns with IFRS 2, including clarifications about how an entity must recognise a withholding tax related to a share-based payment to an employee.

NIF clarifications:

- NIF A-1 "Conceptual framework" – Clarifies about the recycling from Other Comprehensive Income (OCI) to Income Statement upon a partial de-recognition of financial instruments.

- NIF B-1 "Accounting changes and errors" – Clarification that aims to maintain consistency with accounting reclassification definition.

- NIF B-5 "Operating segments" – expands its scope to "Public interest entities" (EIP by its acronym in Spanish).

- NIF B-9 "Interim financial reporting" - maintains consistency with principle of "recognition" including in chapter 60 NIF A-1 "Conceptual framework".

- NIF B-17 "Fair value measurement" – Clarifies regarding to the disclosures of assets and liabilities held to the end of reporting period, where their fair value measurement is determined based on a current basis.

- NIF C-2 "Investment in financial instruments" and NIF C-20 "Hold-to-collect financial instruments" –maintains consistency with "trade date" definition in both standards.

- NIF C-6 "Property, plant and equipment" – clarifies the disclosures including in the standard.

- NIF C-15 "Impairment of non-current assets" – Clarifies that the discount rate uses to estimate the future cash flows to determine the recoverable amount, must not be over the long-average growth rate to goods or industries, likewise country or countries and the market in which the asset is used.

Additionally, some transitory paragraphs were removed, given they are not current and in NIF Glossary were also removed the specific reference of paragraphs of the NIF, in which such terms are quoted.

No significant financial impacts were observed in the implementation of all these clarifications.

I. Accounting changes in place in 2026.

- *Improvements to NIF 2025.*

NIF C-19 "Financial liabilities" – Aligns with IFRS 9, providing additional requirements must be met to de-recognition financial liabilities in settlement date when they are cash-settled through the use of electronic payment systems: i) entity does not have the ability to withdraw, stop or cancel payment instruction, ii) No practical ability to use the cash intended to settle the payment instruction and iii) Settlement risk associated with electronic payment system is insignificant.

NIF C-19 "Financial liabilities" and NIF C-20 "Hold-to-collect financial instruments" – Additional disclosures are required to divulgate enough information to know and well understand by interested parties, the possible uncertainties about expected future cash flows as investor and/or issuer related to financial instruments with contingent features such as ESG assets. Only applicable to "Public interest entities" (EIP by its acronym in Spanish).

- *New NIF A-2 "Uncertainties about going concern".*

Issued on December 6th, 2024, the objective of this standard is to clarify how the entities must analyse events and financial conditions that could originate uncertainties about going concern. Including guidance about measurement, presentation, and disclosures to entities under such situation.

By now, no significant financial impacts are expected in the implementation of accounting changes and new NIF A-2.

Differences between Mexican GAAP and International Financial Reporting Standards (IFRS) *Grupo Financiero HSBC, S.A. DE C.V.*

HSBC Holdings plc, the ultimate parent of Grupo Financiero HSBC, S.A. DE C.V., reports its results under International Financial Reporting Standards (IFRS). Set out below is a reconciliation of the results of Grupo Financiero HSBC, S.A. DE C.V. from Mexican GAAP to IFRS for the three months ended 31 March 2025 and an explanation of the key reconciling items.

Figures in MXN millions	**31 Mar 2025**
Grupo Financiero HSBC – Profit / (loss) before tax under Mexican GAAP	**3,272**
Differences arising from:	
Loan impairment charges and other differences in presentation under IFRS	696
IFRS16	77
Effective interest rate	(46)
Valuation of defined benefit pensions and post-retirement healthcare benefits, including post-employment benefits	67
Fair value adjustments on financial instruments	11
Deferred profit sharing	(76)
Collection Cost	38
Other insurance adjustments[9]	(49)
Others	(167)
Profit before/(loss) tax under IFRS	**3,823**

[9] *Includes technical reserves and effects from IFRS 17*

Summary of key differences between results as reported under Mexican GAAP and IFRS

1. Valuation of defined benefit pensions and post-retirement healthcare benefits, including post-employment benefits

Mexican GAAP

The present value of Defined Benefit Obligations "DBO" (including indemnity benefits for other reasons that restructuring), are calculated at the reporting date by the schemes actuaries through the Projected Unit Credit Method using a corporate/governmental bond rate as a base rate to determine the discount rate applicable.

The net costs recognize in the income statement mainly comprises the current service cost, plus the unwinding of the discount rate on plan liabilities (the discount rate used could be either corporate or government rate as long as it is applicable on consistent way), less the expected return on plan assets. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions.

According to Mexican Accounting standard, actuarial gains and losses could be: 1) recognized separately in Other Comprehensive Income in the bank's consolidated financial statements and recycling through P&L over the average working life of the employees or 2) fully recognized in income statement, as election of the entity.

IFRS

The main differences between Mexican GAAP and IFRS comprise:

- Actuarial gains/losses are recognized in OCI under IFRS not subject to be recycling or recognize totally in income statement.
- The measurement of the present value of DBO is based on a Mexican governmental rate bond, instead of a corporate rate bond.
- There are not included in DBO the indemnity benefits given that they are not considered as part of benefits granted from past services.

2. Effective interest rate (EIR) adjustments

Mexican GAAP

From 2023, HSBC completed the adoption of the EIR method, where the commissions charged to the borrowers and incremental costs incurred to third parties at loan inception are recorded into a deferred credit account (liability) and as an asset, respectively. Both are part of loan net value to determine the effective interest rate and being recognised using the EIR method in the net interest income during the expecting life of the financial instruments in accordance with CNBV accounting standards.

Nevertheless, there are still some differences in EIR calculation for Mex GAAP in comparison with IFRS, such as: the exception of the use of EIR in credit cards and the possibility to not adjust the original EIR for those loans which the interest rate is resettable during their expected life.

Important to highlight that HSBC only applies the EIR for those loans originated at or after the implementation date (01Jan23) using a portfolio approach in accordance with the CNBV accounting standards and transitory provisions applicable to the implementation.

IFRS

After initial recognition, an entity shall measure the loan at its amortised cost using the effective interest rate "EIR" method without exceptions.

The amortised cost of the financial instrument includes any premium, discount, or fees paid and or received as result of the recognition of the financial asset.

3. Loan impairment charges and other differences in presentation under IFRS

Mexican GAAP

Loan impairment charges are calculated following the rules issued by the CNBV which since 2022 adopted an approach of Expected Credit Losses (ECL), nevertheless it will maintain some differences with IFRS methodology. Such rules establish different methodologies for ECL provisions for each type of loan.

IFRS

The impairment requirements under IFRS 9 are based on ECL concept that requires the recognition of provisions on a timely basis and forward-looking manner. ECL is determined via a two-step approach: 1) where the financial instruments are first assessed at inception regarding to for their relative credit deterioration, and 2) on ongoing basis followed by the measurement of the ECL (which depends on the credit deterioration categories).

Financial instruments with status of "performing" are considered in "Stage 1". Financial instruments which are considered to have experienced a significant increase in credit risk since their inception are in "Stage 2". Financial instruments for which there is objective evidence of impairment (in default or credit deterioration) are in "Stage 3". Financial instruments that are credit-impaired upon initial recognition are Purchased or Originated Credit Impaired (POCI), remaining this category until derecognition.

4. Fair value adjustments on financial instruments

Mexican GAAP

Since 2022, the NIF B-17 "Fair Value Measurement" requires that for those derivatives and financial instruments that should be measured at fair value, their value should be adjusted to reflect factors that would not be captured by the internal methodology of valuation, such as Debit and Credit Value Adjustments (CVA/DVA) and the use of a price into the Bid/Offer differential, as long as those financial instruments are included in the scope of article 175 Bis 3 of CNBV regulation.

IFRS

Fair Value Adjustments ("FVAs") include additional factors than those specified in Mexican GAAP.

Mexican GAAP

Accounting standards requires that a Deferred-Employee Profit Sharing (Deferral PTU) shall be calculated applying a similar model to deferred income tax (assets and liabilities method). It is derived from temporary differences between the accounting profit and income to be used to calculate the profit sharing. Given the changes issued on 23 April 2021 by the Mexican government to introduce a threshold in the calculation of the "Employee Profit Sharing" (PTU by its acronym in Spanish) (the more favourable to the employee between a cap of three months of employee's wages or the average of PTU paid during the three last periods), the new procedure to calculate deferral PTU is as follows:

Step 1.- Calculate the temporary differences between accounting and taxable for PTU at the reporting end period.

Step 2.- Determine the PTU rate expected to be incurred during the following years, based on financial and tax projections or the PTU incurred in the current period.

Step 3.- PTU rate x temporary differences amount.

An asset or liability for the Deferral PTU would be recognized according to method of comparing assets and liabilities sets out in Income Tax standards applicable in Mexico (*NIF D-4 "Income Taxes"*).

IFRS

Deferral PTU is not allowed to recognize under IFRS.

1. Insurance liabilities and Insurance premiums recognized on an annualised basis

Mexican GAAP

Insurance liabilities are determined based on Solvency II methodology established by local regulator (CNSF) which considers best estimate liability and a risk margin concept. The best estimate is based on up-to-date credible information and realistic assumptions and aims to represent a total liability valuation aligned to its expected pricing transfer to the customer. The risk margin is calculated as the cost of providing an amount of capital equal to 10% of the Solvency Capital Requirement necessary to support the insurance obligations over their lifetime.

Insurance premiums are recognized under annualization criteria which is based in determine the total premium for the coverage period (one year), consequently total premium is recognized since the moment where insurance contracts are written.

IFRS

For insurance liabilities starting in 2023, INMX applied IFRS17 accounting standard, that Aims to align insurance accounting with the principles applied by other industries, while recognizing the specific complexities of the contracts, their long term nature, and the linkages to underlying assets (especially for participating contracts).

Establish Globally consistent standard, setting a framework for measuring insurance contracts consistent with observable market parameters, and based on best estimate assumptions. The profits recognized in line with service provision (i.e., over the life of the contract) and included Enhanced and more granular disclosures.

During September was reviewed some policies of UL product and after review, the treatment of liabilities for these specific policies were moved from IFRS17 to IFRS9, without impact in equity, only a reclassification was made between Insurance Liabilities & Financial Liabilities.

2. Perpetual Subordinated Debt – AT1

Mexican GAAP

The perpetual subordinated debt is considered as compound financial instrument, i.e., principal meets financial liability definition while coupon of interest meets equity definition given the discretionary in its payment by the issuer according to "NIF C-11 Share Capital" and "NIF C-12 Financial Instruments with liability and equity features". Based on this, principal is measured as a financial liability at amortised cost and coupons are accounted as dividends from retained earnings. Given the instrument is denominated in US$, principal is recognized as foreign currency transaction and reported using the closing rate. Exchange rate changes are recognized in income statement. On the other hand, coupons of interest are recognized in equity when holder has the right to receive payment at historical cost (equity is non-monetary item under "NIF B-15 "The Effects of Changes in Foreign Exchange Rates").

IFRS

Considering the features of the instruments, the perpetual subordinated debt (AT1) is measured according to IFRS 9 as an equity instrument. As such, equity instruments are not re-measured subsequent to initial recognition. As the AT1 is classified and accounted for as equity, coupons interest payments are accounted as dividends from retained earnings and recognized when the holder's right to receive payment is established. No subsequent gains or losses are recognized in profit or loss in respect of the AT1 during its life. For instruments in a foreign currency which is different to functional currency of the issuer, no retranslation is applicable (equity is a non-monetary item under IAS 21 – The Effects of Changes in Foreign Exchange Rates).