

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

First half of 2025 Report



Highlights

First half of 2025

Total operating income excluding loan impairment charges

MXN31,896m ↑ 6.2% or MXN1,859m
(2024: MXN30,037m)

Profit before tax

MXN6,249m ↓ 18.3% or MXN1,400m
(2024: MXN7,649m)

Return on equity

11.1% ↓ 150bps
(2024: 12.6%)

Net income before discontinued operations

MXN4,975m ↓ 6.3% or MXN337m
(2024: MXN5,312m)

Profit before tax (under IFRS)¹

MXN6,611m ↓ 17.15% or MXN665m
(2024: MXN7,979m)

At 30 June 2025

Net Loans and advances to customers

MXN479.1bn ↑ 1.8% or MXN8.4bn
(At 30 Jun 2024: MXN470.7bn)

Total Deposits

MXN554.8bn ↓ 3.0% or MXN17.1bn
(At 30 Jun 2024: MXN571.9bn)

Capital adequacy ratio

17.9% ↑ 140 bps
(At 30 Jun 2024: 16.5%)

Common equity tier 1 ratio

12.3% ↑ 40 bps
(At 30 Jun 2024: 11.9%)

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Award and recognition

Súper Empresas Expansión 2025

HSBC Mexico ranked in the Top 10, in the 10th place, in the Super Empresas Expansión 2025 ranking in the category of companies with more than 3,000 employees. This ranking is carried out every year by the magazine Expansión and Top Companies, a leading firm in the diagnosis and strengthening of the work culture, where various parameters of the culture and the organizational climate are rated.

HRC Equidad MX

Thanks to its commitment and actions to promote the inclusion of people from the LGBTQ+ community, HSBC Mexico obtained the HRC Equidad MX 2021 certification, best places to work LGBTQ+. The certification is granted by the Human Rights Campaign (HRC) Foundation, in alliance with ADIL, Diversidad e Institución Laboral, who established the HRC Equidad MX programme, the leading evaluation on LGBTQ+ inclusion at the corporate level in Mexico. Some of the items that were evaluated by HRC Equidad MX were having non-discrimination and equal employment opportunity policies and public commitment to the LGBTQ+ community, among others.

Euromoney Awards for Excellence

HSBC Mexico has consolidated its position as the leading global bank in the country being recognised by the British magazine *Euromoney*, for the first time, as the Best Bank for Large Corporates and, for the third consecutive year, as the Best Bank for ESG. Both recognitions reflect the collaborative work of all areas of the institution and its commitment to offering solid, innovative, and sustainable financial solutions and value propositions focused on the real needs of its customers.

¹ The main differences between Mexican GAAP and IFRS results for the first half 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 by its acronym in Spanish) was unchanged in May with respect to April in month-on-month terms, suggesting a potential stabilization of activity in Q2 2025. Industrial production and agriculture activities grew 3.6% and 0.6% month-on-month, respectively, in contrast, services dropped by 0.4% month-on-month.

On an annual basis, overall activity grew 0.4% year-on-year in seasonally adjusted terms. Services and agricultural activities rose 0.6% and 5.4% year-on-year, respectively, in contrast, industrial output declined 0.4% year-on-year.

Financial performance – key metrics

Profit before tax for the first half of 2025 was MXN6,249m, a decrease of MXN1,400m or 18.3% compared with MXN7,649m for the same period in 2024.

Net interest income for the first half of 2025 was MXN24,820m, an increase of MXN1,369m or 5.8% compared with MXN23,451m for the same period in 2024. The increase is mainly explained by the growth of wholesale loans and a decrease in deposits.

Loan impairment charges for the first half of 2025 were MXN7,640m, an increase of MXN1,563m or 25.7% compared with MXN6,077m 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 reduction in specific retail loan portfolios.

Net fee income for the first half of 2025 was MXN5,964m, an increase of MXN789m or 15.2% compared with MXN5,175m for the same period in 2024 is mainly driven by increase in commercial activity, credit card and investment funds.

Trading income for the first half of 2025 was MXN2,150m, a decrease of MXN178m or -7.6% compared with MXN2,328m for the same period in 2024, mainly due to a decrease in MXN government bonds yields and slightly lower revenues from swaps portfolio.

Other operating income (expense) for the first half of 2025 was an expense of MXN574m, decreased by MXN171m or -23.0% compared with an expense of MXN745m for the same period in 2024, the main driver was an increase in lease income and lower fraud losses.

Administrative and personnel expenses for the first half of 2025 were MXN18,198m, an increase of MXN1,753m or 10.7%, compared with MXN16,445m for the same period in 2024 is resulting from higher staff costs, IT maintenance costs and contingency reserves.

The cost efficiency ratio was 57.1% for the first half of 2025 compared with 54.7% for the same period in 2024.

The effective tax rate was 20.4% for the first half of 2025, compared with 30.6% reported for the same period in 2024. The variation is mainly driven by reassessments in deferred tax assets and decrease of reserves accrued.

Monetary policy

Mexico's central bank (Banxico) cut the policy rate by 50bp twice in Q2 2025 (May and June). With these moves, the monetary policy rate fell to 8.0% in Q2 2025 from 9.0% in Q1 2025.

Inflation results

Inflation rose to 4.32% year-on-year in June 2025 from 3.80% in March 2025. This was driven by price increases in both core and non-core components. Core inflation rose to 4.24% year-on-year in June 2025 from 3.64% in March 2025.

At 30 June 2025, **net loans and advances** were MXN479bn, showing an overall increase of MXN8.3bn, or 1.8% compared with MXN470.7bn. The increase is driven mainly by 6% growth in (CIB) portfolio compared to 30 June 2024, with (IWPB) portfolio reducing by -2%. At 30 June 2025, **credit cost ratios² and loan loss reserves ratios³** were 2.7% (2.4% as of 30 June 2024) and 3.8% (3.4% as of 30 June 2024) respectively.

Return on equity was 10.1% for the first half of 2025 compared with 15.5% for the same period in 2024.

Total stage 3 loans at 30 June 2025 were MXN12.5bn representing 2.5% of gross loans. Following the HSBC approach for stage 3 loans, out of the 2.5%, 0.2% relates to loans with an indication of unlikelihood to pay despite not being 90 days past due and 2.3% relates to loans with 90 or more days past due. As of June 2024, stage 3 loans were MXN10.9bn and 2.3% as a percentage of gross loans, of which 0.1% were related to loans with an indication of unlikelihood to pay despite not being 90 days past due and 2.1% were related to loans with 90 or more days of past due. At 30 June 2025, **total loan loss allowances** were MXN18.8bn, an increase of MXN2.3bn or 14.1% compared with MXN16.5bn to same period in 2024. The total coverage ratio (allowance for loan losses divided by stage 3 loans) was 151% at 30 June 2025 compared with 151.8% at 30 June 2024.

At 30 June 2025, **total deposits** were MXN554.8bn, a decrease of MXN17.1bn or 3%, compared with MXN571.9bn at 30 June 2024, mainly driven by lower demand deposits.⁴

HSBC Mexico S.A. ('the bank') profit before tax for the first half of 2025 was MXN5,164m, a decrease of MXN1,503m or 22.7% compared with MXN6,667m for the same period in 2024 is mainly driven by higher loan impairment charges and administrative and personnel expenses partially offset by net interest income and fee income.

HSBC Bank Mexico S.A. ('the bank') net income for the first half of 2025 was MXN4,214m, a decrease of MXN372m or -8.1% compared with MXN4,586m for the same period in 2024

HSBC Bank Mexico S.A. ('the bank') net interest income for the first half of 2025 was MXN24,578m, an increase of MXN1,420m or 6.1%, compared with MXN23,158m for the same period in 2024.

The **profit before tax of Grupo Financiero HSBC's insurance subsidiary** for the first half of 2025 was MXN613m, an increase of MXN51m or 9.1% compared with MXN562m for the same period in 2024, mainly driven by increase in insurance results and positive financial income.

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 MXN292.1bn IWPB and MXN262.7bn CIB.

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 Securities Commission. The bank is required to file financial information on a quarterly basis (in this case for the period ended 30 June 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 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)^{8,9}

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

	Half year					
	30-Jun-25			30-Jun-24		
	CIB ^{5*}	MSS ⁶	CIB	CIB ^{5*}	MSS ⁶	CIB
Net interest income	6,959	557	7,516	6,953	105	7,058
Non-interest income	275	650	925	668	621	1,289
Total revenue	7,234	1,207	8,441	7,621	726	8,347
Loan impairment charges	(973)	-	(973)	692	-	692
Net operating income	6,261	1,207	7,468	8,313	726	9,039
Administrative and personnel expenses	(2,988)	(536)	(3,524)	(2,952)	(464)	(3,416)
Share of profits in equity interest	13	-	13	9	-	9
Profit/(loss) before tax	3,286	671	3,957	5,370	262	5,632

*Credit & Lending, Trade and Payment Services

Key metrics

Profit before tax for the first half of 2025 was MXN3,957m, a decrease of MXN1,675m or -29.7% compared with MXN5,632m for the same period in 2024, driven by loan impairment charges given releases from last year compared to a business-as-usual scenario on credit provisions this year, partially offset by higher revenues. With Markets Treasury allocation, profit before tax was MXN4,681m.

Total revenue for the first half of 2025 was MX8,441m, an increase of MXN94m or 1.1% compared with MXN8,347m for the same period in 2024, is resulting from higher net interest income following increase on loan volumes coupled with higher fee income.

Loan impairment charges for the first half of 2025 were MXN973m, an increase of MXN1,665m or more than 100% compared with MXN692m release for same period in 2024, mainly explained by releases from last year compared with this year scenario back to expected levels following the loan portfolio growth.

Administrative and personnel expenses for the first half of 2025 were MXN3,524m, an increase of MXN108m or 3.2% compared with MXN3,416m for the same period in 2024, managing the cost growth below reported inflation.

At 30 June 2025, **net loans and advances to customers** were MXN227.4bn, an increase of MXN12.7bn or 5.9% compared with MXN214.7bn at 30 June 2024, driven by continuous increase on International Corporates & Multinational segments observed since 4Q24.

⁵ Markets Treasury total profit before tax for first half of 2025 was MXN1,292m. Since June 2020, Markets Treasury is allocated out to the global businesses, to align them better with their revenue and expense and for the first half of 2025 profit before tax allocation by business was MXN568m to IWPB and MXN724m to CIB.

⁶ WPB does not include Insurance results which was MXN613m in profit before for the first half of 2025.

⁷ Corporate Centre & Other MXN456 loss before tax for the first half of 2025 is not included.

⁸ CIB*: Credit and Lending, Trade and Payment Services

⁹ MSS*: Market and Securities Services

At 30 June 2025, **total deposits** were MXN262.7bn, a decrease of MXN8.6bn or 3.2% compared with MXN271.3bn at 30 June 2024, explained from a tactical action to manage Deposit insurance cost.

Milestones

Client event. HSBC Mexico continues to support clients by the creation of events such as the council sessions to discuss on challenges and opportunities of the US-Mexico trade corridor given current economic scenario, this to support and provide insights related to actual trending subjects.

Client event. Networking Night by Women to the World programme aiming to foster cross-selling opportunities, demonstrating the commitment from HSBC Mexico to support women-led businesses through preferential financial services, training, mentoring, networking, and international connectivity, contributing to our sustainable finance & social loan objectives.

DCM transaction. Continue with strong presence in the Debt market with five issuances for almost MXN40bn with big local and international companies supporting their financing strategies in which we act also as joint bookrunner for some of them and with MXN27.7bn related to ESG bonds.

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

	Half year	
	30-Jun-25	30-Jun-24
Net interest income	16,278	17,012
Non-interest income	4,716	3,932
Total revenue	20,993	20,944
Loan impairment charges	(6,668)	(6,769)
Net operating income	14,326	14,175
Administrative and personnel expenses	(13,695)	(12,212)
Share of profits in equity interest	179	125
Profit/(loss) before tax	809	2,088

Key metrics

Profit before tax for first half of 2025 was MXN809m, a decrease of MXN1,279m or 61.2% compared with the MXN2,088m for the same period in 2024. This outcome was predominantly driven by higher operating expenses driven by inflationary pressure, contingency reserves, and higher IT maintenance cost. With Markets Treasury allocation, profit before tax was MXN1,377m.

Total revenue for the first half of 2025 was MXN20,993m, an increase of MXN49m or 0.2%, compared with MXN20,944m for the same period in 2024. Lower market interest rates created pressure on net interest income; however, this was offset by higher fee income, mainly from investments funds, resulting in a shift in the overall revenue mix.

Loan impairment charges for the first half of 2025 were MX6,668m, a reduction of MXN102m or 1.5% compared with MXN6,769m for the same period in 2024. The improvement is driven

mainly by the Shift to Affluent Strategy.

Administrative and personnel expenses for the first half of 2025 were MXN13,695m, an increase of MXN1,483m or 12.1% compared with MXN12,212m for the same period in 2024. This increase is related with inflationary pressure, contingency reserves, and higher IT maintenance cost.

At 30 June 2025, **net loans and advances to customers** were MXN251.6bn, showing an overall decrease of MXN4.2bn or -1.6% compared with MXN255.8bn at 30 June 2024. This decrease is result to the shift to Affluent Strategy.

Total deposits as at 30 June 2025 decreased to MXN292.1bn, a drop of MXN8.5bn or 2.8% from MXN300.6bn at 30 June2024.

Milestones

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

Premier relaunch: As part of the Shift to Affluent Strategic Priority, Premier 3.0 was launched in June 2025, focusing on four pillars: Wealth, Health, Travel, and International. Key highlights include: (i) Inauguration of three wealth centres, two in Mexico City and one in Guadalajara, offering best-in-class advisory services for customers' wealth needs, (ii) Hosting events for customers and employees to present and formally kick off Premier 3.0, and (iii) Informing local media about the new value proposition and launching an aggressive marketing campaign for Premier 3.0.

Insurance Policies Dashboard in Mobile (Insurance 360): The Insurance Dashboard allows customers to visualize the details of their valid HSBC Insurance policies.

Wealth and Premier Solutions surpassed US\$10bn in mutual funds Assets Under Management (AUMs), a milestone that positions HSBC within the main competitors in the Mexican industry.

About HSBC

Grupo Financiero HSBC, S.A. de C.V., is one of the leading financial groups in Mexico with 806 branches, 5,191 ATMs and 13,529 employees as of 30 June 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 3,214bn at 30 June 2025, HSBC is one of the world's largest banking and financial services organisation.

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Consolidated financial statements

Consolidated Income Statement – GROUP first half ended 30 June 2025

Figures in MXN Millions

	Group	
	30-Jun-25	30-Jun-24
Interest income	47,551	45,759
Interest expense	(22,730)	(22,308)
Net interest income	24,820	23,451
Loan impairment charges	(7,640)	(6,077)
Risk-adjusted net interest income	17,180	17,374
Fees income	7,426	6,840
Fees expense	(1,462)	(1,665)
Premiums, Technical provisions, claims and other liabilities (Insurance)	(465)	(172)
Trading income	2,150	2,328
Other operating income (expense)	(574)	(745)
Total operating income	24,256	23,960
Administrative and personnel expenses	(18,198)	(16,445)
Net operating income	6,058	7,515
Share of profits in equity interest	192	134
Profit before tax	6,249	7,649
Income tax	(1,275)	(2,337)
Net income before discontinued operations	4,975	5,312
Net income	4,974	5,312

Consolidated Income Statement – BANK first half ended 30 June 2025

Figures in MXN Millions

	Bank	
	30-Jun-25	30-Jun-24
Interest income	47,370	45,484
Interest expense	(22,792)	(22,326)
Net interest income	24,578	23,158
Loan impairment charges	(7,640)	(6,077)
Risk-adjusted net interest income	16,938	17,081
Fees income	6,897	6,346
Fees expense	(1,708)	(1,876)
Trading income	1,081	1,655
Other operating income (expense)	(261)	(438)
Total operating income	22,947	22,768
Administrative and personnel expenses	(17,972)	(16,234)
Net operating income	4,975	6,534
Share of profits in equity interest	190	133
Profit before tax	5,165	6,667
Income tax	(950)	(2,081)
Net income before discontinued operations	4,214	4,586
Net income	4,214	4,586

Consolidated Balance Sheet – 2025 (Comparatives)

Figures in MXN millions

Assets

Cash and cash equivalents	
Margin accounts	
Financial Investments	
Trading financial investments	
Financial investments hold to collect and sale	
Financial investments hold to collect principal and interest (securities) (net)	
Reverse repurchases agreements	
Derivative transactions	
Loan and advances - credit risk stage 1	
Commercial loans	
Consumer loans	
Mortgage loans	
Total loan portfolio with credit risk stage 1	
Loan and advances - credit risk stage 2	
Commercial loans	
Consumer loans	
Mortgage loans	
Total loan portfolio with credit risk stage 2	
Loan and advances - credit risk stage 3	
Commercial loans	
Consumer loans	
Mortgage loans	
Total loan portfolio with credit risk stage 3	
Loan Portfolio measured at fair value	
Gross loans and advances to customers	
Expected credit losses	
Gross loans and advances to customers - Insurance	
Total net loans and advances to customers	
Premium receivables	
Accounts receivables from reinsurers and rebonding companies	
Other accounts receivable (net)	
Foreclosed assets	
Long term assets held for sale	
Property, furniture and equipment (net)	
Property, furniture and equipment (net) – Rights-of-use assets (RoU)	
Prepayments and other assets	
Long-term investments	
Deferred income tax asset (net)	
Intangible assets (net)	
Intangible assets (net) – RoU assets	
Goodwill	
Benefits receivable in securitization transactions	
Total assets	

Group		Bank	
30 Jun 25	30 Jun 24	30 Jun 25	30 Jun 24
78,295	85,694	78,104	85,536
338	42	338	42
249,892	185,812	214,850	165,694
94,973	74,754	66,300	60,102
108,022	74,212	101,653	68,746
46,897	36,846	46,897	36,846
44,529	34,031	44,529	34,031
24,564	25,294	24,564	25,294
237,364	227,381	237,364	227,381
95,390	98,872	95,390	98,872
145,026	144,687	145,026	144,687
477,780	470,940	477,780	470,940
2,068	309	2,069	309
3,071	2,866	3,071	2,866
2,354	2,075	2,354	2,075
7,493	5,250	7,494	5,250
5,111	4,275	5,111	4,275
3,150	2,924	3,150	2,924
4,192	3,656	4,192	3,656
12,453	10,855	12,453	10,855
497,726	487,045	497,727	487,045
(18,798)	(16,481)	(18,798)	(16,481)
128	174	-	-
479,056	470,738	478,929	470,564
2,567	2,411	-	-
94	102	-	-
55,993	49,069	56,231	49,073
323	244	323	244
1,063	10	1,063	10
6,148	6,576	6,148	6,576
2,979	3,366	2,976	3,362
6,570	6,258	6,181	6,114
497	1,412	444	1,367
7,322	6,579	7,198	6,546
7,340	7,329	7,340	7,329
245	283	-	-
955	955	-	-
-	10	-	10
968,769	886,215	929,218	861,701

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

	Group		Bank	
	30 Jun 25	30 Jun 24	30 Jun 25	30 Jun 24
<u>Liabilities</u>				
Deposits	554,830	571,914	555,325	572,363
Demand deposits	361,014	372,506	361,473	372,942
Time deposits	172,273	178,477	172,309	178,490
Bank bond outstanding	18,951	18,880	18,951	18,880
Global deposit account without movements	2,592	2,051	2,592	2,051
Bank deposits and other liabilities	10,646	13,743	10,646	13,743
On demand	-	-	-	-
Short-term	5,701	4,749	5,701	4,749
Long-term	4,945	8,994	4,945	8,994
Pending securities to pay	-	-	-	-
Technical reserves	34,739	19,936	-	-
Unsettled transactions	-	-	-	-
Repurchase agreements	99,363	48,514	99,363	48,514
Collateral sold	43,488	30,553	43,488	30,553
Reports (credit balance)	40,961	26,439	40,961	26,439
Securities lending	2,527	4,114	2,527	4,114
Derivative financial liabilities	26,624	28,129	26,624	28,128
Trading derivatives	26,621	28,124	26,621	28,123
Hedging derivatives	3	5	3	5
Accounts payable from reinsurers and rebonding companies	8	20	-	-
Lease liabilities	3,049	3,416	3,046	3,412
Other payable accounts	59,982	48,846	59,276	48,149
Settlement accounts	40,825	27,529	40,724	27,358
Income tax and employee profit sharing payable	771	2,906	771	2,906
Contributions for future capital increases	1,146	1,080	1,066	1,012
Sundry creditors and other accounts payable	17,240	17,331	16,715	16,873
Financial instruments qualifying as liabilities (subordinated debt)	36,968	28,606	36,968	28,606
Subordinated debentures outstanding	36,968	28,606	36,968	28,606
Income tax liabilities	795	242	776	205
Employee benefit liabilities	5,903	5,599	5,842	5,536
Deferred credits and receivable in advance	2,090	2,019	2,090	2,019
Total liabilities	878,485	801,538	843,444	781,230
<u>Equity</u>				
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	49,845	45,139	50,225	45,796
Capital reserves	1,244	1,244	15,990	15,304
Retained earnings – prior years	43,627	38,583	30,021	25,909
Net income	4,974	5,312	4,214	4,583
Result from the mark-to-market of available- for-sale securities	345	(900)	491	(723)
Result from cash flow hedging transactions	(67)	(302)	(67)	(302)
Adjustment in the employee pension	(3,215)	(2,636)	(3,193)	(2,620)
Total controlling interests	90,281	84,674	85,774	80,469
Minority interest in capital	3	3	-	-
Total shareholder's equity	90,284	84,677	85,774	80,469
Total liabilities and equity	968,769	886,215	929,218	861,701

Consolidated Balance Sheet – 2025 (continued)

Figures in MXN millions

Memorandum accounts

Third party accounts

Clients current accounts

Custody operations

Proprietary position

Irrevocable lines of credit granted

Goods in trust or mandate

Trusts

Mandate

Goods in custody or under administration

Collateral received by the institution

Collateral received and sold or delivered as guarantee

Suspended interest on stage 3 loans

Other control accounts

Total memorandum account

	Group		Bank	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
	86,277	80,159	-	-
Clients current accounts	523	1,165	-	-
Custody operations	85,754	78,994	-	-
Proprietary position	2,739,225	3,765,251	2,519,135	3,551,832
Irrevocable lines of credit granted	411,757	404,126	411,757	404,126
Goods in trust or mandate	201,611	200,654	201,611	200,654
Trusts	200,773	199,792	200,773	199,792
Mandate	838	862	838	862
Goods in custody or under administration	435,118	371,890	435,118	371,890
Collateral received by the institution	49,066	39,128	50,066	39,128
Collateral received and sold or delivered as guarantee	44,397	30,992	45,397	30,992
Suspended interest on stage 3 loans	592	510	592	510
Other control accounts	1,596,684	2,717,951	1,374,594	2,504,532
Total memorandum account	2,825,502	3,845,410	2,519,135	3,551,832

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	44,915	(646)	(204)	(2,856)	85,826	3	85,829
Adjustments for accounting changes	-	-	-	-	-	-	-	-	-
Cash dividends*	-	-	(1,288)	-	-	-	(1,288)	-	(1,288)
Capitalization of other equity items	-	-	-	-	-	-	-	-	-
Comprehensive Income:									
Net income	-	-	4,973	-	-	-	4,973	-	4,973
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	992	-	-	992	-	992
Valuation of cash flow hedging transactions	-	-	-	-	137	-	137	-	137
Remeasurement of defined benefits to employees	-	-	-	-	-	(359)	(359)	-	(359)
Total	-	-	4,973	992	137	(359)	5,743	-	5,743
Final balances as of 30 June 2025¹⁰	43,373	1,244	48,600	346	(67)	(3,215)	90,281	3	90,284

¹⁰ 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)	-	-	-	-	-	-	0	-	0
Capitalization of other equity items	-	-	-	-	-	-	-	-	-
Reserve movements	-	686	(686)	-	-	-	-	-	-
Comprehensive income:									
Net income	-	-	4,214	-	-	-	4,214	-	4,214
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	962	-	-	962	-	962
Valuation of cash flow hedging transactions	-	-	-	-	137	-	137	-	137
Remeasurement of defined benefits to employees	-	-	-	-	-	(352)	(352)	-	(352)
Participation in comprehensive income of other entities	-	-	-	-	-	-	-	-	-
Total	-	-	4,214	962	137	(352)	4,961	-	4,961
Final balances as of 30 June 2025	38,318	15,990	34,324	491	(67)	(3,193)	85,774	-	85,774

Consolidated Statement of Cash Flow - Group
Figures in MXN millions
30 Jun 2025

Profit/(loss) before taxes	6,249
Adjustments for items associated with investing activities	2,166
Depreciation of property, furniture and equipment	848
Amortization of intangible assets	1,510
Participation in the net result of other entities	(192)
Adjustments for items associated with financing activities	3,117
Interest associated with bank deposits and other liabilities	543
Financial instruments qualifying as liabilities (subordinated debt)	2,574
Changes in items related to operating activities	737
Bank deposits and other liabilities	(199)
Margin accounts	(242)
Financial investments	(31,322)
Reverse repurchases agreements	41,495
Derivative transactions (assets)	2,489
Loan portfolio (net)	13,853
Debtors of re-insurance	117
Recoverable amounts for reinsurance and refinancing (net)	(13)
Change in benefits from receiving securitization operations	-
Change in inventories	-
Other accounts receivable (net)	(17,360)
Foreclosed assets (net)	(48)
Change in securities lending (liabilities)	(1)
Deposits	(64,112)
Technical reserves	6,565
Repurchase agreements	66,446
Collaterals sold or given in guarantee	(26,495)
Derivative transactions (liabilities)	(4,676)
Accounts payable for reinsurers	(5)
Change of assets/liabilities for employee benefits	(580)
Other accounts payable	19,526
Other provisions	(2,744)
Income tax payments	(1,958)
Net cash flows from operating activities	12,269
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(107)
Proceeds from the sale of property, furniture and equipment	-
Collections of cash dividends from permanent investments	195
Payments for acquisition of intangible assets	(1,069)
Other receipts from investing activities	-
Other payments from investing activities	-
Net cash flows from investing activities	(981)
Financing activities:	
Payments of bank loans and other organizations	(615)
Cash dividend payments	(1,288)
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	(1,903)
Increase/Decrease in cash and equivalents	9,385
Cash and equivalents at beginning of period	68,911
Cash and equivalents as of 30 June 2025	78,295

Consolidated Statement of Cash Flow - Bank*Figures in MXN millions***30 Jun 2025**

Profit before taxes	5,164
Adjustments for items associated with investing activities	2,149
Depreciation of property, furniture and equipment	847
Amortization of intangible assets	1,492
Other adjustments for items associated with investing activities	(190)
Adjustments for items associated with financing activities	3,117
Interest associated with bank deposits and other liabilities	543
Financial instruments qualifying as liabilities (subordinated debt)	2,574
Changes in items related to operating activities:	544
Bank deposits and other liabilities	(199)
Margin accounts	(242)
Financial investments	(24,967)
Reverse repurchases agreements	41,495
Derivative transactions (assets)	2,489
Loans and advances (net)	13,805
Change in benefits from receiving securitization operations	-
Other accounts receivable (net)	(16,849)
Change in securities lending (liabilities)	(1)
Foreclosed assets (net)	(48)
Other operating assets	(1,127)
Deposits	(64,125)
Repurchase agreements	
Collaterals sold or given in guarantee	66,446
Derivative transactions (liability)	(26,495)
Adjustments for employee benefits	(4,676)
Other operational liabilities	17,825
Change of assets/liabilities for employee benefits	(197)
Other accounts payable	1,682
Other provisions	(2,660)
Income tax payments	(1,613)
Net cash flows from operating activities	10,973
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(108)
Payments for the acquisition of affiliates	-
Collections of cash dividends from permanent investments	195
Payments for acquisition of intangible assets	(1,069)
Other payments from investing activities	-
Net cash flows from investing activities	(982)
Financing activities:	
Lease liability payments	(614)
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	(614)
Increase/Decrease in cash and equivalents	9,377
Cash and equivalents at beginning of period	68,727
Cash and equivalents as of 30 Jun 2025	78,104

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:

1. 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 disclosure 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 disclose 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 in progress.
- NIF C-8 "Intangible Assets" – IAS 38 assumes that the separate acquisition of an intangible Asset 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 when it is virtually certain it will be recovered.

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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" included 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 included 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-recognise 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 understood 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 first half ended 30 June 2025 and an explanation of the key reconciling items.

30 Jun 2025
Figures in MXN millions

Grupo Financiero HSBC – Profit / (loss) before tax under Mexican GAAP	6,249
Differences arising from:	
Loan impairment charges and other differences in presentation under IFRS	354
IFRS16	164
Effective interest rate	(108)
Valuation of defined benefit pensions and post-retirement healthcare benefits, including post-employment benefits	134
Fair value adjustments on financial instruments	(24)
Deferred profit sharing	(97)
Collection Cost	106
Other insurance adjustments ¹¹	90
Others	(258)
Profit before/(loss) tax under IFRS	6,611

¹¹ 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 than 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 recognised in the income statement is mainly comprised of 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 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 recycling or recognised 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.
- Indemnity benefits are not included in DBO, given 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 recognised using the EIR method in the net interest income during the expected 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.

5. Deferred-profit sharing (PTU diferida)

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

First half ended 30 June 2025 Report

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 be recognised under IFRS.

6. 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 to 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, some policies of UL product were reviewed 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.