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

First half of 2026 Report

Highlights

First half of 2026

Total operating income excluding loan impairment charges

MXN31,676m ↓ 0.7% or MXN220m

(2025: MXN31,896m)

Profit before tax

MXN7,104m ↑ 13.7% or MXN855m

(2025: MXN6,249m)

Return on equity[1]

9.6% ↓ 150bps

(2025: 11.1%)

Net income before discontinued operations

MXN4,439m ↓ 10.8% or MXN535m

(2025: MXN4,974m)

Profit before tax (under IFRS)[2]

MXN7,098m ↑ 7.4% or MXN487m

(2025: MXN6,611m)

At 30 June 2026

Net Loans and advances to customers

MXN432.5bn↓9.7% or MXN46.5bn

(At 30 Jun 2025: MXN479.1bn)

Total Deposits

MXN522.9bn ↓ 5.8% or MXN32bn

(At 30 Jun 2025: MXN554.8bn)

Capital adequacy ratio

19.4% ↑ 149 bps

(At 30 Jun 2025: 17.9%)

Common equity tier 1 ratio

13.1% ↑ 78 bps

(At 30 Jun 2025: 12.3%)

Quarter report co|ntents

Award and recognition

Súper Empresas Expansión 2026

For the second consecutive year, HSBC Mexico ranked in the Top 10 of the Expansión "Super Companies" list—specifically at number 10—within the category for companies with over 3,000 employees. This annual ranking is produced by *Expansión* magazine in collaboration with Top Companies, a leading firm specializing in the assessment and strengthening of workplace culture; it evaluates various parameters regarding both organizational culture and climate. This achievement demonstrates the consistency of HSBC Mexico’s efforts regarding culture and the employee experience.

HRC Equidad MX

For the eighth consecutive year, HSBC Mexico earned the HRC Equidad MX certification, recognizing it as one of the best places to work for LGBTQ+ individuals in the country, thanks to its commitment and actions promoting workplace inclusion for the LGBT+ community. The certification is awarded by the Human Rights Campaign (HRC) Foundation in partnership with ADIL (Diversidad e Inclusión Laboral), the creators of the HRC Equidad MX program—the leading corporate-level assessment for LGBT+ inclusion in Mexico. Criteria evaluated by HRC Equidad MX included the existence of non-discrimination and equal employment opportunity policies, as well as public commitment to the LGBT+ community, among others.

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[1] Annualized, both 2Q25 and 2Q26.

[2] The main differences between Mexican GAAP and IFRS results for the first half of 2026 relate to differences in loan impairment charges, post-employment benefit, effective interest rate, deferred profit sharing, other insurance adjustment and additional tier 1 (AT1).

"Éntrale" Distinction 2026

HSBC Mexico received the "Éntrale" Distinction 2026 for its commitment to the workplace inclusion of people with disabilities. Marking the 10th anniversary of the Éntrale initiative, this distinction—endorsed by the IMEEC and based on the Workplace Inclusion Index for People with Disabilities—recognizes inclusive practices and accessibility measures that help ensure safe and equitable working conditions. This recognition reinforces a core aspect of our culture: building a more empathetic, accessible, and inclusive environment every day. Selection was based on the Workplace Inclusion Index for People with Disabilities, which evaluates policies, processes, and accessibility conditions within organizations.

Economic review and outlook

Economic activity

After the economy expanded at a faster pace in April, the economic activity index (IGAE by its acronym in Spanish) fell by 0.3% in month-on-month terms in May. Agriculture and industrial production decreased by 0.5% and 0.8% month-on-month, respectively. In contrast, services increased by 0.2% month-on-month. Information for April and May suggests a temporary bounce in economic activity in Q2, but it could be related to one-off factors that would gradually fade.

On an annual basis, overall activity rose by 2.0% in seasonally adjusted terms in May. Services, and agriculture rose by 2.6% and 7.7% year-on-year, respectively. Meanwhile, industrial production remained unchanged in annual terms during May.

Monetary policy

Mexico’s central bank (Banxico) cut the policy rate by 25bp in May and then kept it unchanged in June. With this move, the monetary policy rate fell to 6.50% in Q2 2026 from 6.75% in Q1 2026.

Inflation results

Inflation dropped to 3.37% year-on-year in June 2026 from 4.59% in March 2026. This was mainly driven by declines in both core and non-core components. Core inflation fell by 4.03% year-on-year in June 2026 from 4.45% in March 2026.

Financial performance – key metrics

Grupo Financiero HSBC Mexico pre-tax profit rose 13.7% to MXN7,104m, driven by a strong uplift in total operating income mainly from one-off transactions. Excluding these items, pre-tax profit was fairly stable, as lower net interest income and higher expenses associated with strategy execution were largely offset by reduced impairment charges.

Profit before tax for the first half of 2026 was MXN7,104m, an increase of MXN855m or 13.7% compared with MXN6,249m for the same period in 2025.

Net interest income for the first half of 2026 was MXN23,682m, down MXN1,138m (-4.6%) versus MXN24,820m in 1H25. Interest income declined mainly due to lower loan balances, reflecting the strategic shift towards the Affluent segment in IWPB and the reshaping of risk appetite in CIB. This was largely mitigated by a reduction in interest expense—offsetting almost 90% of the income impact—driven by lower deposit balances (reduced liquidity needs to fund lending), lower market rates and ongoing deposit mix optimisation, resulting in a net decline in NII.

Loan impairment charges for the first half of 2026 were MXN4,936m, a decrease of MXN2,704m or -35.4% compared with MXN7,640m for the same period in 2025. The reduction was mainly due to lower balances and better credit portfolio performance.

Net fee income for the first half of 2026 was broadly flat year-on-year at MXN5,937m (down MXN27m, or -0.5%). In line with the shift to an affluent-led strategy, the reduction in retail fees driven by lower volumes was largely offset by higher fund-related commissions from increased fund values and higher management fees.

Trading income for the first half of 2026 was MXN2,103, down MXN47m (-2.2%) from MXN2,150m in the same period of 2025. This performance was mainly driven by lower FX volatility, which reduced client trading activity and overall volumes, alongside a more stable interest-rate environment as Banco de México’s reference-rate cuts began to moderate and stabilize versus the prior year. In addition, portfolio movements in the derivatives book resulted in lower margins, further weighing on revenues.

Other operating income (expense) for the first half of 2026 was an income of MXN527m, an improvement of MXN1,101 million or 191.8% compared to MXN574 million expenses for the same period in 2025. The increase was mainly driven by the sale of our participations in E-Globo and TransUnion.

Administrative and personnel expenses for the first half of 2026 were MXN19,799m, an increase of MXN1,601m or 8.8%, compared with MXN18,198m for the same period in 2025. The increase is driven by continued investment in capabilities supporting the business strategic priorities, coupled with litigation costs and inflationary pressure.

The cost efficiency ratio was 62.5% for the first half of 2026 compared with 57.1% for the same period in 2025, as revenue decrease around 1% alongside higher costs.

The effective tax rate was 37.5% for the first half of 2026, compared with 20.4% reported for the same period in 2025. The increase was primarily driven by higher non-deductible expenses following tax reforms, coupled with additional tax reserves.

At 30 June 2026, **net loans and advances** were MXN432.5bn, showing an overall decrease of MXN46.5bn, or 9.7% compared with MXN479.0bn. The decrease is driven by -10.3% reduction in (CIB) portfolio compared to 30 June 2025, with (IWPB) portfolio reducing by -9.3%. This reduction is primarily due to re-shaping strategy in CIB and Shift to Affluent Strategy in IWPB .

At 30 June 2026, **credit cost ratios[3] and loan loss reserves ratios[4]** were 2.2% (**3.1%** as of 30 June 2025) and 3.7% (3.8% as of 30 June 2025).

Return on equity was 9.6% for the first half of 2026 compared with **11.1%** for the same period in 2025.

Stage 3 Loans At 30 June 2026 were MXN14.1bn, representing 3.1% of gross loans. Of this, 0.6% comprised loans assessed as unlikely to pay, despite not being 90 days past due, while 2.5% related to loans overdue by 90 days or more. At 30 June 2025, stage 3 loans were MXN12.5bn, representing 2.5% of gross loans, with 0.2% unlikely to pay but not 90 days past due, and 2.3% overdue by 90 days or more.

Total loan loss allowances At 30 June 2026 were MXN16.5bn, a decrease of MXN2.3bn (-12%) from MXN18.8bn at 30 June 2025. The coverage ratio declined to 117.2% in 2026 from 150.9% in 2025 [5].

At 30 June 2026, **total deposits** were MXN522.9bn, a decrease of MXN32bn or -5.8%, compared with MXN554.8bn at 30 June 2025, reflecting lower liquidity needs following the contraction in the loan book and ongoing funding mix optimisation, including the run-off of higher-cost time deposits.[6]

HSBC Mexico S.A. ('the bank') profit before tax for the first half of 2026 was MXN5,692m, , an increase of MXN528m or 10.2% compared with MXN5,164m for the same period in 2025, mainly driven by lower loan impairment charges from the strategy shift and one-off transactions other operating income.

HSBC Bank Mexico S.A. ('the bank') net income for the first half of 2026 was MXN3,438m, a decrease of MXN766m or 18.4% compared with MXN4,214m for the same period in 2025 mainly due to lower loan impairment charges and a strong uplift in other operating income, which more than offset slightly lower NII, weaker trading income and higher operating costs, with higher taxes ultimately driving the year-on-year decrease in net income.

HSBC Bank Mexico S.A. ('the bank') net interest income for the first half of 2026 was MXN23,455m, a decrease of MXN1,123m or 4.6%, compared with MXN24,578m for the same period in 2025. Most of the drop in interest income driven by the loan contraction is being offset by lower liquidity needs and ongoing cost of funds optimization.

The **profit before tax of Grupo Financiero HSBC's insurance subsidiary** for the first half of 2026 was MXN750m, an increase of MXN137m or 22.4% compared with MXN613m for the same period in 2025. Performance was mainly driven by positive mark-to-market revaluations arising from movements in rates (mutual funds securities that cover insurance liabilities).

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 2026) 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).

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

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

[5] Coverage Ratio: Expected credit losses/Total loan portfolio with credit risk stage 3.

[6] Figures split by segment are MXN271.9bn IWPB and MXN250.9bn CIB.

Our business segments[7,8,9]

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, such as leveraging our international network to our customers. 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. These strengths enable 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. Our unique positioning enables us to drive customer acquisition and increase take-up of wealth products, as well as growing our share of corridor flows.

Corporate and Institutional Banking (CIB)[10,11]

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

Figures in MXN Millions

	Half year					
	30-Jun-26			30-Jun-25		
	CIB[8]*	**MSS[9]**	**CIB**	**CIB[8]***	**MSS[9]**	**CIB**
Net interest income	5,938	574	6,512	6,959	557	7,516
Non-interest income	330	246	576	275	650	925
Total Revenue	**6,268**	**820**	**7,088**	**7,234**	**1,207**	**8,441**
Loan impairment charges	287	-	287	(973)	-	(973)
Net operating income	**6,555**	**820**	**7,375**	**6,261**	**1,207**	**7,468**
Administrative and personnel expenses	(3,524)	(818)	(4,342)	(2,988)	(536)	(3,524)
Share of profits in equity interest	4	-	4	13	-	13
Profit/(loss) before tax	**3,035**	**2**	**3,037**	**3,286**	**671**	**3,957**

*Credit & Lending, Trade and Payment Services

Key metrics

Profit before tax for the first half of 2026 was MXN 3,037m, a decrease of MXN 920m or 23.3% compared with MXN 3,957m for the same period in 2025; this is driven by the re-shaping risk appetite strategy offsetted by a better credit performance; with Markets Treasury allocation profit before tax was MXN 4,455m.

Total revenue for the first half of 2026 was MXN 7,088m, a reduction of MXN 1,353m or -16.0% compared with MXN 8,441m for the same period in 2025, mainly due to lower net interest income as asset and deposit volumes reduced under the re-shaping strategy and the prevailing economic environment. This decline was partially offset by higher lending fees from renewals and stronger Debt Capital Markets fees, driven by increased origination and execution in both domestic and cross-border markets, in line with our Internationalisation strategy to leverage HSBC's global brand and support customers in doing business worldwide.

Loan impairment charges for the first half of 2026 were a release of MXN 287m, a decrease of MXN 1,260m or 129.5% compared with a provision of MXN 973m for same period in 2025, mainly explained by lower volumes and releases this year due to better performance in Corporates.

Administrative and personnel expenses for the first half of 2026 were MXN 4,342m, an increase of MXN 818m or 23.2% compared with MXN 3,524m for the same period in 2025. This rise is attributed to litigation costs and inflationary pressure.

At 30 June 2026, **net loans and advances to customers** were MXN 204bn, a decrease of MXN 23bn or 10.3% compared with MXN 227.4bn at 30 June 2025. This reduction is primarily due to the re-shaping risk appetite strategy, slower pipeline conversion amid the current economic environment and clients favoring debt placements.

At 30 June 2026, **total deposits** were MXN 251bn, a decrease of MXN 31.1bn or 4.5% compared with MXN 262.7bn at 30 June 2025. This reduction is attributed to the strategy execution, coupled with slower pipeline materialization.

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[7] *Markets Treasury total profit before tax for the first half of 2026 was MXN1,815m. 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 2026 profit before tax allocation by business was MXN397m to IWPB and MXN1,418m to CIB.*

[8] *WPB does not include Insurance results which was MXN750m in profit before taxes for the first half of 2026.*

[9] *Corporate Centre & Other MXN1,500 profit before tax for the first half of 2026 is not included.*

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

[11] MSS*: Market and Securities Services

Milestones

Client transaction. During the second quarter, Debt Capital Markets remained constructive and receptive. HSBC participated in transactions for eight clients in the local market and three in the international market, despite volatility driven by geopolitical tensions in the Middle East. Continued momentum in ASG transactions, including green, social and sustainability-linked financing—highlighted by our role as Joint Bookrunner on a sustainability-linked bond. Launched the call for applications for the 5th edition of the "Empresas Líderes en Innovación Sustentable" Award, which recognizes and promotes companies delivering scalable sustainability innovations with measurable environmental and social impact.

Client event. During the quarter, HSBC Mexico strengthened client relationships and advanced near-term commercial opportunities through a series of high-impact engagements, including hosting 40 priority clients at LIV Golf Mexico via HSBC-branded experiences, and delivering Transaction Banking Roadshows in Hermosillo (60 clients), Mexicali (60 clients) and Monterrey (39 clients) to deepen wallet share across payments, trade and securities services (GPS, GTS and MSS). We also convened 163 attendees for a thought-leadership webinar on US–China geopolitical dynamics, brought together 93 clients at "Connect & Grow in Latin America" in Madrid to accelerate growth across the Spain–Latin America corridor, and engaged 45 clients at an HSBC football watching event, leveraging the road to FIFA World Cup 2026 to reinforce senior connectivity and support client growth ambitions.

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

Figures in MXN Millions	Half year	
	30-Jun-26	**30-Jun-25**
Net interest income	15,254	16,277
Non-interest income	5,909	4,716
Total revenue	**21,163**	**20,993**
Loan impairment charges	(5,223)	(6,668)
Net operating income	**15,940**	**14,325**
Administrative and personnel expenses	(14,282)	(13,695)
Share of profits in equity interest	159	179
Profit/(loss) before tax	**1,817**	**809**

Key metrics

Profit before tax for the first half of 2026 was MXN1,817m, an increase of MXN1,008m or 124.6% compared with MXN809m for the same period in 2025. The increase was mainly driven by gains on strategic transactions, lower loan impairment charges reflecting the affluent-focused strategy, partially offset by higher administrative and personnel expenses associated with ongoing investments to support the business strategy. With Markets Treasury allocation, profit before tax was MXN2,214m.

Total revenue for the first half of 2026 was MXN21,163m, an increase of MXN170m or 0.9% compared with MXN20,993m for the same period in 2025. Revenue growth was supported by gains from the sale of our participations in E-Globo and TransUnion, partly offset by lower net interest income, reflecting continued portfolio repositioning and disciplined balance sheet management in line with the affluent-focused strategy.

Loan impairment charges for the first half of 2026 were MXN5,223m, a decrease of MXN1,445m or 21.7% compared with MXN6,668m for the same period in 2025, reflecting lower loan balances and continued improvement in credit quality.

Administrative and personnel expenses for the first half of 2026 were MXN14,282m, an increase of MXN587m or 4.3% compared with MXN13,695m for the same period in 2025. The increase was primarily driven by inflationary pressure, together with continued investment in capabilities supporting the business strategic priorities.

At 30 June 2026, **net loans and advances to customers** were MXN228.4bn, showing an overall decrease of MXN23.2bn or 9.3% compared with MXN251.6bn at 30 June 2025. The decrease was related to a more selective lending approach and continued portfolio repositioning aligned with the bank's affluent-focused strategy.

Total deposits at 30 June 2026 were MXN271.9bn, a decrease of MXN20.2bn 6.9% compared with MXN292.1bn at 30 June 2025, mainly due to lower time deposit balances and ongoing optimization of the funding mix.

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 Strategic Priority: Premier continues to gain momentum, with active customers up 3% versus DEC25 to 385k, driven by strong active-client acquisition across both NTB and UPG conversions. HSBC One NTB customers and upgrades have also grown 4% and 49% respectively vs 1Q26. During 2Q26, key initiatives were delivered across customer experience, commercial enablement, regulatory compliance and Branch operational resilience, highlighting the Hyosung ATM migration enabling cardless withdrawals across 500+ ATMs. ii) One+ continues to improve performance: 9,648 credit cards have been issued increasing daily productivity to c.150 cards per day. Hot sale 2026 results reflect that while total spend came in slightly below 2025 (-1%), affluent segment performance improved with One and Premier increasing their contribution in 60% and 4% while Personal Banking declined -23% versus 2025.

Wealth and Premier Solutions: with a growing performance (8% YoY) in mutual funds AUMs, continues positioning 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 600 branches, 4,507 ATMs and 12,145 employees as of 30 June 2026.

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 56 countries and territories. With assets of USD 3,438bn at 30 June 2026, HSBC is one of the world's largest banking and financial services organisation.

For further information, contact:

Mexico City
Lyssette Bravo
External Communications
Telephone: +52 (55) 5721 2888

UK
+44 (0)20 7991 3643
Hong Kong
+852 2822 4908

USA
+1 224 880 8008

Consolidated Income Statement – GROUP first half ended 30 June 2026

Figures in MXN Millions

	Group	
	30-Jun-26	**30-Jun-25**
Interest income	38,940	47,551
Interest expense	(15,258)	(22,730)
Net interest income	**23,682**	**24,820**
Loan impairment charges	(4,936)	(7,640)
Risk-adjusted net interest income	18,746	17,180
Fees income	7,330	7,426
Fees expense	(1,393)	(1,462)
Premiums, Technical provisions, claims and other liabilities (Insurance)	(573)	(465)
Trading income	2,103	2,150
Other operating income (expense)	527	(574)
Total operating income	**26,740**	**24,256**
Administrative and personnel expenses	(19,799)	(18,198)
Net operating income	**6,941**	**6,058**
Share of profits in equity interest	163	192
Profit before tax	**7,104**	**6,249**
Income tax	(2,665)	(1,275)
Net income before discontinued operations	**4,439**	**4,975**
Net income	**4,439**	**4,974**

Consolidated Income Statement – BANK first half ended 30 June 2026

Figures in MXN Millions

	Bank	
	30-Jun-26	**30-Jun-25**
Interest income	38,727	47,370
Interest expense	(15,272)	(22,792)
Net interest income	**23,455**	**24,578**
Loan impairment charges	(4,936)	(7,640)
Risk-adjusted net interest income	18,519	16,938
Fees income	6,581	6,897
Fees expense	(1,640)	(1,708)
Trading income	762	1,081
Other operating income (expense)	825	(261)
Total operating income	**25,047**	**22,947**
Administrative and personnel expenses	(19,515)	(17,972)
Net operating income	**5,532**	**4,975**
Share of profits in equity interest	160	190
Profit before tax	5,692	**5,165**
Income tax	(2,254)	(950)
Net income before discontinued operations	**3,438**	**4,214**
Net income	**3,438**	**4,214**

Consolidated Balance Sheet – half year ended 30 June 2026 (Comparatives)

Figures in MXN millions	Group		Bank	
	30 Jun 26	**30 Jun 25**	**30 Jun 26**	**30 Jun 25**
Assets				
Cash and cash equivalents	89,292	78,295	89,071	78,104
Margin accounts	472	338	472	338
Financial Investments	**250,087**	**249,892**	**200,956**	**214,850**
Trading financial investments	96,004	94,973	54,173	66,300
Financial investments hold to collect and sale	98,666	108,022	91,366	101,653
Financial investments hold to collect principal and interest (securities) (net)	55,417	46,897	55,417	46,897
Reverse repurchases agreements	56,277	44,529	56,277	44,529
Derivative transactions	12,286	24,564	12,286	24,564
Loan and advances - credit risk stage 1				
Commercial loans	211,492	237,364	211,492	237,364
Consumer loans	79,235	95,390	79,235	95,390
Mortgage loans	138,362	145,026	138,362	145,026
Total loan portfolio with credit risk stage 1	429,089	477,780	429,089	477,780
Loan and advances - credit risk stage 2				
Commercial loans	685	2,068	685	2,069
Consumer loans	2,469	3,071	2,469	3,071
Mortgage loans	2,566	2,354	2,566	2,354
Total loan portfolio with credit risk stage 2	5,720	7,493	5,720	7,494
Loan and advances - credit risk stage 3				
Commercial loans	6,449	5,111	6,449	5,111
Consumer loans	2,880	3,150	2,880	3,150
Mortgage loans	4,777	4,192	4,777	4,192
Total loan portfolio with credit risk stage 3	14,106	12,453	14,106	12,453
Credit Portfolio measured at fair value	26		26	
Gross loans and advances to customers	448,915	497,726	448,915	497,727
Expected credit losses	(16,533)	(18,798)	(16,533)	(18,798)
Gross loans and advances to customers - Insurance	112	128	-	-
Total net loans and advances to customers	**432,520**	**479,056**	**432,408**	**478,929**
Premium receivables	2,427	2,567	-	-
Accounts receivables from reinsurers and rebonding companies	68	94	-	-
Other accounts receivable (net)	35,976	55,993	35,551	56,231
Foreclosed assets	383	323	383	323
Long term assets held for sale	-	1,063	-	1,063
Property, furniture and equipment (net)	6,325	6,148	6,325	6,148
Property, furniture and equipment (net) – Rights-of-use assets (RoU)	2,270	2,979	2,270	2,976
Prepayments and other assets	5,970	6,570	5,838	6,181
Long-term investments	514	497	456	444
Deferred income tax asset (net)	6,628	7,322	6,510	7,198
Intangible assets (net)	7,147	7,340	7,147	7,340
Intangible assets (net) – RoU assets	208	245	-	-
Goodwill	955	955	-	-
Benefits receivable in securitization transactions	-	-	-	-
Total assets	**909,805**	**968,769**	**855,950**	**929,218**

Consolidated Balance Sheet – At half year ended 30 June 2026
(continued)
Figures in MXN millions

	Group		Bank	
	30 Jun 26	**30 Jun 25**	**30 Jun 26**	**30 Jun 25**
Liabilities				
Deposits	**522,853**	**554,830**	**523,451**	**555,325**
Demand deposits	348,230	361,014	348,812	361,473
Time deposits	152,937	172,273	152,953	172,309
Bank bond outstanding	18,758	18,951	18,758	18,951
Global deposit account without movements	2,928	2,592	2,928	2,592
Bank deposits and other liabilities	**6,431**	**10,646**	**6,431**	**10,646**
On demand	0	-	0	-
Short-term	2,907	5,701	2,907	5,701
Long-term	3,524	4,945	3,524	4,945
Pending securities to pay	0	-	0	-
Technical reserves	48,328	34,739	0	-
Unsettled transactions	0	-	0	-
Repurchase agreements	75,591	99,363	75,591	99,363
Collateral sold	**55,640**	**43,488**	**55,640**	**43,488**
Reports (credit balance)	51,676	40,961	51,676	40,961
Securities lending	3,964	2,527	3,964	2,527
Derivative financial liabilities	**13,245**	**26,624**	**13,245**	**26,624**
Trading derivatives	13,242	26,621	13,242	26,621
Hedging derivatives	3	3	3	3
Accounts payable from reinsurers and rebonding companies	14	8	0	-
Lease liabilities	2,399	3,049	2,399	3,046
Other payable accounts	**44,706**	**59,982**	**43,645**	**59,276**
Settlement accounts	24,994	40,825	24,518	40,724
Income tax and employee profit sharing payable	610	771	610	771
Contributions for future capital increases	1,085	1,146	1,002	1,066
Sundry creditors and other accounts payable	18,017	17,240	17,515	16,715
Financial instruments qualifying as liabilities (subordinated debt)	**40,681**	**36,968**	**40,681**	**36,968**
Subordinated debentures outstanding	40,681	36,968	40,681	36,968
Income tax liabilities	962	795	909	776
Employee benefit liabilities	6,536	5,903	6,466	5,842
Deferred credits and receivable in advance	2,018	2,090	2,018	2,090
Total liabilities	**819,404**	**878,485**	**770,476**	**843,444**
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	50,134	**49,845**	50,285	**50,225**
Capital reserves	1,244	1,244	16,721	15,990
Retained earnings – prior years	44,451	43,627	30,126	30,021
Net income	4,439	4,974	3,438	4,214
Result from the mark-to-market of available- for-sale securities	1,047	345	1,024	491
Result from cash flow hedging transactions	-120	(67)	-120	(67)
Adjustment in the employee pension	-4,035	(3,215)	-4,033	(3,193)
Total controlling interests	90,399	90,281	85,474	85,774
Minority interest in capital	2	3	0	-
Total shareholder's equity	**90,401**	**90,284**	**85,474**	**85,774**
Total liabilities and equity	**909,805**	**968,769**	**855,950**	**929,218**

Consolidated Balance Sheet – **At half year ended 2026**
(continued)
Figures in MXN millions

	Group		Bank	
	30 Jun 26	**30 Jun 25**	**30 Jun 26**	**30 Jun 25**
Memorandum accounts				
Third party accounts	**90,315**	**86,277**	0	-
Clients current accounts	1,376	523	0	-
Custody operations	88,939	85,754	0	-
Proprietary position	**2,550,546**	**2,739,225**	**2,312,235**	**2,519,135**
Irrevocable lines of credit granted	443,181	411,757	443,181	411,757
Goods in trust or mandate	**307,368**	**201,611**	**307,368**	**201,611**
Trusts	306,485	200,773	306,485	200,773
Mandate	883	838	883	838
Goods in custody or under administration	480,335	435,118	480,335	435,118
Collateral received by the institution	61,748	49,066	61,748	50,066
Collateral received and sold or delivered as guarantee	57,506	44,397	57,506	45,397
Suspended interest on stage 3 loans	828	592	828	592
Other control accounts	1,199,580	1,596,684	961,269	1,374,594
Total memorandum account	**2,640,861**	**2,825,502**	**2,312,235**	**2,519,135**

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 2026	43,373	1,244	49,776	899	(96)	(3,670)	91,526	3	**91,529**
Adjustments for accounting changes	-	-	(215)	174	-	24	(17)	-	(17)
Cash dividends*	-	-	(5,110)	-	-	-	**(5,110)**	(1)	**(5,111)**
Capitalization of other equity items	-	-	-	-	-	-	**-**	-	**-**
Comprehensive Income:									
Net income	-	-	4,439	-	-	-	**4,439**	-	**4,439**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	(26)	-	-	(26)	-	(26)
Valuation of cash flow hedging transactions	-	-	-	-	(24)	-	(24)	-	(24)
Remeasurement of defined benefits to employees	-	-	-	-	-	(389)	(389)	-	(389)
Total	-	-	4,439	(26)	(24)	(389)	**4,000**	-	4,000
Final balances as of 30 June 2026[12]	**43,373**	**1,244**	**48,890**	**1,047**	**(120)**	**(4,035)**	**90,399**	**2**	**90,401**

[12] 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 2026	38,318	15,990	34,525	1,081	(97)	(3,644)	86,173	-	**86,173**
Adjustments for accounting changes	-	-	(8)	-	-	-	**(8)**	-	**(8)**
Movements inherent to the shareholders’ decision:									
Dividends declared (including AT1 coupon payments)	-	-	(3,660)	-	-	-	**(3,660)**	-	**(3,660)**
Capitalization of other equity items	-	-	-	-	-	-	**-**	-	**-**
Reserve movements	-	731	(731)	-	-	-	**-**	-	**-**
Comprehensive income:									
Net income	-	-	3,438	-	-	-	**3,438**	-	**3,438**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	(57)	-	-	**(57)**	-	**(57)**
Valuation of cash flow hedging transactions	-	-	-	-	(23)	-	**(23)**	-	**(23)**
Remeasurement of defined benefits to employees	-	-	-	-	-	(389)	**(389)**	-	**(389)**
Participation in comprehensive income of other entities	-	-	-	-	-	-	**-**	-	**-**
Total	**-**	**-**	**3,438**	**(57)**	**(23)**	**(389)**	**2,969**	**-**	**2,969**
Final balances as of 30 June 2026	**38,318**	**16,721**	**33,564**	**1,024**	**(120)**	**(4,033)**	**85,474**	**-**	**85,474**

Consolidated Statement of Cash Flow - Group *Figures in MXN millions*	**30 Jun 2026**
Profit/(loss) before taxes	**7,104**
Adjustments for items associated with investing activities	**2,352**
Depreciation of property, furniture and equipment	1,189
Amortization of intangible assets	1,326
Participation in the net result of other entities	(163)
Adjustments for items associated with financing activities	**2,846**
Interest associated with bank deposits and other liabilities	272
Financial instruments qualifying as liabilities (subordinated debt)	2,574
Changes in items related to operating activities	**10,362**
Bank deposits and other liabilities	(4,210)
Margin accounts	(24)
Financial investments	12,059
Reverse repurchases agreements	(9,925)
Derivative transactions (assets)	6,709
Loan portfolio (net)	28,067
Debtors of re-insurance	177
Recoverable amounts for reinsurance and refinancing (net)	7
Change in benefits from receiving securitization operations	-
Change in inventories	-
Other accounts receivable (net)	(14,232)
Foreclosed assets (net)	-
Change in securities lending (liabilities)	(62)
Deposits	(43,464)
Technical reserves	6,842
Repurchase agreements	5,651
Collaterals sold or given in guarantee	28,589
Derivative transactions (liabilities)	(6,179)
Accounts payable for reinsurers	5
Change of assets/liabilities for employee benefits	(541)
Other accounts payable	5,387
Other provisions	(2,090)
Income tax payments	(2,404)
Net cash flows from operating activities	**22,664**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(588)
Proceeds from the sale of property, furniture and equipment	-
Collections of cash dividends from permanent investments	82
Payments for acquisition of intangible assets	(1,115)
Other receipts from investing activities	-
Other payments from investing activities	-
Net cash flows from investing activities	**(1,621)**
Financing activities:	
Payments of bank loans and other organizations	(703)
Cash dividend payments	(5,110)
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	**(5,813)**
Increase/Decrease in cash and equivalents	15,230
Cash and equivalents at beginning of period	74,062
Cash and equivalents as of 30 June 2026	**89,292**

Consolidated Statement of Cash Flow - Bank
Figures in MXN millions

	30 Jun 2026
Profit before taxes	**5,692**
Adjustments for items associated with investing activities	**2,335**
Depreciation of property, furniture and equipment	1,188
Amortization of intangible assets	1,307
Other adjustments for items associated with investing activities	(160)
Adjustments for items associated with financing activities	**2,846**
Interest associated with bank deposits and other liabilities	272
Financial instruments qualifying as liabilities (subordinated debt)	2,574
Changes in items related to operating activities:	**10,324**
Bank deposits and other liabilities	(4,210)
Margin accounts	(24)
Financial investments	18,582
Reverse repurchases agreements	(9,925)
Derivative transactions (assets)	6,709
Loans and advances (net)	28,084
Change in benefits from receiving securitization operations	-
Other accounts receivable (net)	(13,810)
Change in securities lending (liabilities)	-
Foreclosed assets (net)	(62)
Other operating assets	36
Deposits	(43,324)
Repurchase agreements	
Collaterals sold or given in guarantee	5,651
Derivative transactions (liability)	28,589
Adjustments for employee benefits	(6,179)
Other operational liabilities	4,247
Change of assets/liabilities for employee benefits	(126)
Other accounts payable	320
Other provisions	(2,023)
Income tax payments	(2,211)
Net cash flows from operating activities	**21,197**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(588)
Payments for the acquisition of affiliates	-
Collections of cash dividends from permanent investments	82
Payments for acquisition of intangible assets	(1,115)
Other payments from investing activities	-
Net cash flows from investing activities	**(1,621)**
Financing activities:	
Lease liability payments	(702)
Cash dividend payments	(3,660)
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	**(4,362)**
Increase/Decrease in cash and equivalents	15,214
Cash and equivalents at beginning of period	73,857
Cash and equivalents as of 30 June 2026	**89,071**

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 prepar

d 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 s

me 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

ay 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. Accounting changes in place in 2026.

- *NIF improvements 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.

- *Improvements in CNBV accounting criteria.*

Issued on September 11th, 2025, the CNBV issued an update in the accounting criteria applicable to financial institutions in Mexico, in which the principal changes are:

- Improvements in the wording to align with terms used in NIF.
- Further guidance to analyse under "NIF C-10, Derivatives and hedge relationship", if a financial transaction should be considered as derivative or financial guarantee based on its economic substance.
- Inclusion of a new line within Other Comprehensive Income (OCI) to recognise fair value changes of equity instruments that were irrevocable designated to be measured through OCI.
- Amendments in accounting criteria "D-4 Cash Flows statement".

The changes are effective from 1 January 2026, with no material impact on adoption.

II. NIF improvements 2026.

Improvements that result in accounting changes

NIF B-11, Disposal of non-current assets and discontinued operations - It was clarified that the cash flow statement effects arising from the disposal of non-current assets and the discontinuation of operations must be recognised prospectively. Accordingly, prior periods must not be restated.

NIF C-10, Derivative financial instruments and hedging relationships

a) Own-use commodity contracts – The standard explains that a contract to buy or sell a non-financial item (e.g. commodities) that can be net-settled without taking possession qualifies as a derivative. If the contract is entered into to purchase, deliver or use the item (an "own-use" contract), it is not a derivative. The amendment now requires such contracts to be treated as derivatives when, on initial recognition, the entity irrevocably designates them to be measured at fair value through profit or los
to avoid an accounting mismatch. This converges with IFRS 9 Financial Instruments.

b) Qualifying hedging instruments – It was clarified that only financial instruments contracted with independent third parties to the reporting entity (whether at consolidated group level or at the individual entity level) may qualify as hedging instruments.

Improvements that do not result in accounting changes

NIF A-1, Conceptual Framework - Wording updates to clarify the components included within equity.

NIF C-20, Financial instruments to Hold to collect - Clarification that a change in business model requires evidence of a change in management's strategy for managing financial instruments.

NIF D-4, Income taxes - Clarifications that this standard applies to profit entities that are required to pay income taxes based on taxable profit determined on a net basis.

Additional clarifications were also made to disclosure requirements and to certain terms in the NIF Glossary.

The Bank did not have significant impacts from the adoption of these amendments

III. NIF effective from 1 January 2028 (early adoption permitted from 1 January 2027).

NIF B-1, Basis for the preparation of financial statements - NIF is being updated to maintain convergence with IFRS, particularly IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 18 Presentation and Disclosure in Financial Statements (effective from 2027). The update expands its scope and refines its objective by setting out overarching requirements for the presentation of financial statements (including content, identification, structure, offsetting, reporting frequency, comp rative information, basis of preparation and accounting policies), while retaining the specific guidance on accounting changes and error corrections.

NIF B-3, Statement of comprehensive income- This standard is being updated to align with IFRS 18 in the presentation and disclosure of the statement of comprehensive income. It introduces the following standardised categories:

Operating;
Investing;
Financing;
Income taxes; and
Discontinued operations.

The standard includes specific classification requirements for each category, as well as tailored requirements for entities whose main business activities are specific. For Public Interest Entities as defined by NIF, additional disclosures are required for any Management-defined Performance Measures (MPMs)

As of the end of the reporting period, CNBV has not issued guidance on the adoption of these new NIF. The Bank is therefore awaiting its position to assess the potential impacts on the preparation of its financial information.

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 half year ended 30 June 2026 and an explanation of the key reconciling items.

Figures in MXN millions	**30 Jun 2026**
Grupo Financiero HSBC – Profit / (loss) before tax under Mexican GAAP	**7,104**
Differences arising from:	
Loan impairment charges and other differences in presentation under IFRS	(309)
IFRS16	201
Effective interest rate	(293)
Valuation of defined benefit pensions and post-retirement healthcare benefits, including post-employment benefits	130
Fair value adjustments on financial instruments	(29)
Deferred profit sharing	138
Collection Cost	45
Other insurance adjustments[13]	121
Others	(10)
Profit before/(loss) tax under IFRS	**7,098**

[13] *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 actu
rial 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 maintains 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 derecogn
tion.

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 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 t 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.