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

Third Quarter ended 30 September 2026 Report



Highlights

Nine months ended 30 September 2026

Total operating income excluding loan impairment charges

MXN46,757m ↓ 2.1% or MXN1,002m

(2025: MXN47,759m)

Profit before tax

MXN10,734m ↑ 7.7% or MXN765m

(2025: MXN9,969m)

Return on equity[1]

10.3% ↓ 110bps

(2025: 11.4%)

Net income

MXN7,053m ↓ 9.8% or MXN537m

(2025: MXN7,820m)

Profit before tax (under IFRS)[2]

MXN9,961m ↓ 2.3% or MXN234m

(2025: MXN10,195m)

At 30 September 2026

Net Loans and advances to customers

MXN442.3bn ↓ 4.9% or MXN22.8bn

(At 30 Sep 2025: MXN465.1bn)

Total Deposits

MXN511.4bn ↓ 3.4% or MXN18.2bn

(At 30 Sep 2025: MXN529.6bn)

Capital adequacy ratio

19.0% ↑ 50 bps

(At 30 Sep 2025: 18.5%)

Common equity tier 1 ratio

12.7% ↓ 20 bps

(At 30 Sep 2025: 12.9%)

Quarter report contents

Highlights....2
Quarter report contents....2
Award and recognition....2
Economic review and outlook....3
Financial performance – key metrics....3
Our business segments....5
Consolidated financial statements....8
Changes in Mexican Accounting Standards....17
Differences between mexican GAAP and International Financial Reporting Standards (IFRS) *Grupo Financiero HSBC, S.A. DE C.V.*....19
Summary of key differences between results as reported under mexican GAAP and IFRS....20

Award and recognition

Euromoney Awards for Excellence 2026

HSBC Mexico was recognised by financial magazine Euromoney with two of the most important awards presented to banks in the country: Best Bank for Large Corporates and Best Personal Investment Platform. These awards highlight the institution's ability to respond to the needs of large companies and individuals through specialised financial solutions, digital innovation and the support of a global network. For the second consecutive year, HSBC Mexico received the Best Bank for Large Corporates award for consolidating an integrated proposition for large companies that combines financing solutions, capital markets, international trade, treasury management and risk management, supported by specialised industry coverage and the reach of one of the world's broadest international banking networks. The Best Personal Investment Platform award reflects the evolution of HSBC Mexico's digital investment ecosystem, which integrates tools within HSBC Mobile and HSBC eTrading that enable customers to view, purchase, manage and monitor their investments through a single platform, with high standards of security, transparency and regulatory compliance.

Best Bank for Cash Management 2026

HSBC Mexico was recognised as the number-one bank in Mexico for providing cash management solutions to companies, according to the Euromoney Cash Management 2026 survey, conducted among representatives of corporates that use these services. Cash management comprises financial solutions related to the administration of a company's resources, including income, payroll payments, debt servicing, supplier payments, deposit accounts, corporate cards and connections with different financial providers, all managed through a single technology platform. To achieve this position, HSBC Mexico ranked first among the preferences of the companies surveyed in the categories of Best Customer Service, Best Product Offering and Best Technology Offering.

Súper Empresas para Mujeres and Empresa TOP Mujeres 2026

HSBC Mexico was recognised with fourth place nationally in the 2026 *Súper Empresas para Mujeres* ranking, prepared by Expansión and TOP Companies, in the category of organisations with more than 3,000 employees. It also received TOP Companies' *Empresa TOP Mujeres* 2026 certification, recognising it as a *Empresa Culturalmente Poderosa*. These results reflect the progress of the bank's gender equity agenda and

[1] Annualized, both 3Q25 and 3Q26.

[2] The main differences between Mexican GAAP and IFRS results for the nine months to 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).

the strength of its organisational culture, as well as its ongoing efforts to create more opportunities for women within HSBC, support their professional development and promote their progression into leadership positions. Beyond a ranking position, these recognitions represent a culture built every day through decisions, conversations, leadership and the way teams support one another.

Empresas Responsables 2026
Expansión placed HSBC Mexico 26th in its *Empresas Responsables* 2026 ranking, an edition featuring more demanding criteria and a greater focus on transparency and evidence. The bank climbed four places compared with 2025, moving from 30th to 26th, and ranked as the highest-positioned financial institution on the list. This result reflects HSBC Mexico's ongoing work to strengthen its environmental, social and governance (ESG) agenda, as well as to responsibly manage the impact of its operations and its contribution to society.

Economic review and outlook

Economic activity

After a strong bounce in 2Q26, economic activity sustained positive momentum at the beginning of 3Q26. The economic activity index (IGAE by its acronym in Spanish) rose by 0.8% in month-on-month terms in July. Industrial production and services increased by 0.5% and 1.2% month-on-month, respectively. In contrast, agriculture activities dropped by 1.1% in month-on-month terms.

On an annual basis, overall activity rose by 3.3% in seasonally adjusted terms in July. Services and industrial production grew by 4.0% and 2.4% year-on-year, respectively. Meanwhile, agriculture dropped by 0.6% on an annual basis during July.

Monetary policy

Mexico's central bank (Banxico) kept the policy rate unchanged at 6.5% during its two meetings in 3Q26.

Inflation results

Inflation rose to 3.45% year-on-year in September 2026 from 3.37% in June 2026. This was driven by an increase in the non-core component. Meanwhile, core inflation fell to 3.75% year-on-year in September 2026 from 4.03% in June 2026.

Financial performance – key metrics

Grupo Financiero HSBC Mexico pre-tax profit rose 7.7% to MXN10,734m, driven by a strong uplift in total operating income, mainly reflecting gains from the sale of strategic investments. Excluding these items, pre-tax profit was broadly stable, as lower net interest income and higher expenses associated with executing HSBC's strategy were largely offset by improved credit quality and the continued strategic repositioning of the lending portfolio

Profit before tax for the nine months to 2026 was MXN10,734m, an increase of MXN765m or 7.7% compared with MXN9,969m for the same period in 2025, aligned with HSBC strategy execution.

Net interest income for the nine months to 2026 was MXN35,049m, decrease MXN2,274m or 6.1% versus MXN37,323m for the same period in 2025. Interest income declined mainly due to lower loan balances, reflecting IWPB's strategic focus on the Affluent segment and CIB's recalibrated risk appetite. This was largely mitigated by a reduction in interest expense—offsetting almost 80% 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 nine months to 2026 were MXN7,431m, a decrease of MXN3,484m or 31.9% compared with MXN10,915m for the same period in 2025. The reduction was mainly due to lower balances and better credit portfolio performance.

Net fee income for the nine months to 2026 was broadly flat year-on-year at MXN8,879m (decreased MXN126m, or 1.4%) compared with MXN9,005m for the same period in 2025. Higher fund-related fees, supported by growth in fund balances, largely offset lower retail fees, consistent with our affluent-led strategy.

Trading income for the nine months to 2026 was MXN3,163, down MXN10m (or 0.3% from MXN3,173m in the same period of 2025. Lower FX volatility in the first half and a more stable interest-rate environment reduced client activity, while narrower margins in the derivatives book weighed on revenue.

Other operating income (expense) for the nine months to 2026 was an income of MXN373m, an improvement of MXN1,294 million or 140.5% compared to MXN921m expenses for the same period in 2025. The increase was mainly driven by the sale of our participations in E-Global and TransUnion.

Administrative and personnel expenses for the nine months to 2026 were MXN28,822m, an increase of MXN1,719m or 6.3%, compared with MXN27,103m for the same period in 2025. The increase primarily reflects continued investment in capabilities supporting the business strategic priorities and litigation costs.

The cost efficiency ratio was 61.6% for the nine months to 2026, compared with 56.7% for the same period in 2025, as revenue declined 2.1% while we continued to invest in the business.

The effective tax rate was 34.3% for the nine months to 2026, compared with 21.6% 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 September 2026, **net loans and advances** were MXN442.3bn, showing an overall decrease of MXN22.8bn, or 4.9% compared with MXN465.1bn. The decrease is driven mainly by a 9.1% reduction in the IWPB portfolio as we refocus on affluent clients, while the CIB portfolio remained broadly stable (-0.2%).

At 30 September 2026, **credit cost ratios[3] and loan loss reserves ratios[4]** were 2.2% (3.0% as of 30 September 2025) and 3.4% (3.9% as of 30 September 2025).

Return on equity was 10.3% for the nine months to 2026 compared with 11.4% for the same period in 2025.

Stage 3 Loans At 30 September 2026 were MXN12.8bn, representing 2.8% of gross loans. Of this, 0.3% 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 September 2025, stage 3 loans were MXN14.5bn, representing 3% of gross loans, with 0.5% unlikely to pay but not 90 days past due, and 2.5% overdue by 90 days or more.

Total loan loss allowances At 30 September 2026 were MXN15.4bn, a decrease of MXN3.3bn (17.5%) from MXN18.7bn at 30 September 2025. The coverage ratio remained robust at 120.3% (129.2% at 30 September 2025), as Stage 3 loans fell 11.3% year-on-year[5].

At 30 September 2026, **total deposits** were MXN511.4bn, a decrease of MXN18.2bn or 3.4%, compared with MXN529.7bn at 30 September 2025, reflecting ongoing funding mix optimization together with the strategic reduction of high-balance accounts and lower time-deposit balances following the decline in interest rates.[6]

Capital remained strong. At 30 September 2026, the **capital adequacy ratio** was 19.0%, up 50bps from 18.5% at 30 September 2025, comfortably above regulatory requirements. The common equity tier 1 ratio was 12.7% (12.9% at 30 September 2025). Our capital position supports the continued execution of our strategy.

HSBC Bank Mexico S.A. ('the bank') profit before tax for the nine months to 2026 was MXN8,419m, an increase of MXN66m or 0.8% compared with MXN8,353m for the same period in 2025, mainly driven by lower loan impairment charges following the strategic shift, partly offset by higher expenses and one-off items within other operating income.

HSBC Bank Mexico S.A. ('the bank') net income for the nine months to 2026 was MXN5,428m, a decrease of MXN1,308m or 19.4% compared with MXN6,736m for the same period in 2025; it mainly decreased as lower operating income and higher administrative expenses, reflected in the cost-to-income ratio rising to 64.5%, together with a higher effective tax rate of 35.5%, more than offset lower credit-loss provisions.

HSBC Bank Mexico S.A. ('the bank') net interest income for the nine months to 2026 was MXN34,714m, a decrease of MXN2,259m or 6.1%, compared with MXN36,973m for the same period in 2025. Most of the drop in interest income driven by the loan contraction is being offset by lower interest costs on customer deposits, repos and issued debt.

The **profit before tax of Grupo Financiero HSBC's insurance subsidiary** for the nine months to 2026 was MXN1,352m, an increase of MXN447m or 49.3% compared with MXN905m for the same period in 2025. Performance was driven by positive mark-to-market revaluations on mutual fund investments backing insurance liabilities, following movements in interest rates.

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 September 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 MXN266.3bn IWPB and MXN245.1bn 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

	Nine Months					
	30-Sep-26			30-Sep-25		
	CIB[8]*	MSS[9]	CIB	CIB[8]*	MSS[9]	CIB
Net interest income	8,802	927	9,729	10,260	891	11,151
Non-interest income	710	408	1,118	665	830	1,495
Total Revenue	**9,512**	**1,335**	**10,847**	**10,925**	**1,721**	**12,646**
Loan impairment charges	230	-	230	(1,711)	-	(1,711)
Net operating income	**9,742**	**1,335**	**11,077**	**9,214**	**1,721**	**10,935**
Administrative and personnel expenses	(5,120)	(1,056)	(6,176)	(4,544)	(809)	(5,353)
Share of profits in equity interest	6	-	6	14	-	14
Profit/(loss) before tax	**4,628**	**279**	**4,907**	**4,684**	**912**	**5,596**

*Credit & Lending, Trade and Payment Services

Key metrics

Profit before tax for the nine months to 2026 was MXN 4,907m, a decrease of MXN 689m or 12.3% compared with MXN 5,596m for the same period in 2025; mainly reflecting the re-shaping risk appetite strategy partly offset by a better credit performance; with Markets Treasury allocation profit before tax was MXN 6,972m.

Total revenue for the nine months to 2026 was MXN 10,847m, a reduction of MXN 1,799m or 14.2% compared with MXN 12,646m 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. Non-interest income also decreased overall, despite higher lending renewal fees and stronger Debt Capital Markets fees, supported by increased domestic and cross-border activity, in line with our Internationalisation strategy to leverage HSBC's global brand and support customers in doing business worldwide.

Loan impairment charges for the nine months to 2026 were a release of MXN 230m, a decrease of MXN 1,941m or 113.4% compared with a provision of MXN 1,711m 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 nine months to 2026 were MXN 6,176m, an increase of MXN 823m or 15.4% compared with MXN 5,353m for the same period in 2025. This rise is attributed to litigation costs and inflationary pressure.

At 30 September 2026, **net loans and advances to customers** were MXN 219.1bn, a decrease of MXN 0.5bn or 0.2% compared with MXN 219.6bn at 30 September 2025. Balances remained broadly stable, as clients favoured debt capital markets over bank lending in the current environment.

At 30 September 2026, **total deposits** were MXN 245.1bn, a decrease of MXN 4.3bn or 1.7% compared with MXN 249.4bn at 30 September 2025. This reduction is reflecting the ongoing optimisation of our funding mix.

---

[7] *Markets Treasury total profit before tax for the nine months to 2026 was MXN3,174m. Since June 2020, Markets Treasury is allocated out to the global businesses, to align them better with their revenue and expense and for the nine months to 2026 profit before tax allocation by business was MXN1,109m to IWPB and MXN2,065m to CIB.*

[8] *WPB does not include Insurance result which was MXN1,352m in profit before taxes for the nine months to 2026.*

[9] *Corporate Centre & Other reported a profit before tax of MXN2,338 million for the nine months of 2026, before the reclassification of Markets Treasury. Including the Treasury result, profit before tax was a loss of MXN835 million.*

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

[11] *MSS*: Market and Securities Services*

Milestones

In 3Q26, HSBC acted as joint bookrunner on MXN54bn of bond issuance, including a MXN40bn sovereign deal. Relevant milestones achieved include:

Client transaction. During the third quarter, HSBC supported several landmark transactions across the corporate and sustainable debt markets. These included acting as Joint Bookrunner on a MXN40.0 billion sovereign issuance. HSBC also acted as Joint Bookrunner on a MXN9.0 billion sustainability-linked bond issuance for a Mexican REIT in August and September, a MXN3.75 billion financing for a Mexican non-banking financial institution, and a MXN5.0 billion five-year floating-rate issuance for a large corporate client.

HSBC supported several relevant sustainable finance transactions in Mexico during third quarter, including social lending facilities for two institutions, totaling USD 201.6m, focused on improving access to financial products and services. HSBC also supported a renewable energy company through a USD 46.6m SBLC classified as green-qualified lending and linked to clean transportation and sustainable aviation fuel infrastructure. In addition, HSBC provided a USD 34.6m revolving credit facility to a water and sanitation company, classified as a Green Company, and a USD 28.5m revolving loan linked to renewable energy, specifically wind power. Finally, three Green Company drawdowns totaling USD 71.5m across factoring and revolving loan facilities in MXN and USD, supporting low-carbon materials and products.

During the quarter, HSBC Mexico strengthened its sustainable finance positioning and client relationships through a series of high-impact engagements, including the fifth edition of the ELIS Awards. HSBC also co-hosted a sustainable finance event with the Mexican Council for Sustainable Finance, held a client workshop in Sonora together with the World Resources Institute to discuss sustainable finance opportunities, and participated as panelists at the Carbon Forum, contributing to discussions on carbon markets and decarbonization solutions. In addition, HSBC advanced the Upwell Reciprocal Climate Tech initiative, supporting collaboration and the identification of opportunities related to innovative climate solutions.

Client event. During the quarter, HSBC strengthened client relationships and advanced commercial opportunities through a broad program of senior-level engagements across Mexico, Brazil, Chile, Spain and the UK. In Mexico, HSBC hosted a FIFA World Cup 2026 football-watching event (55 clients, including three T400 clients and 14 C-suite executives) and convened Business Growth Councils in Monterrey (20 Council members), Mérida (12 Council members and four CEOs), Chihuahua (14 Council members) and Puebla (13 Council members) to discuss Mexico's economic and political outlook and strategic business opportunities. We also engaged Large Corporate clients in a geopolitical agenda update (10 clients), held a further geopolitical roundtable for GNB clients (10 clients), and delivered a Transaction Banking Roadshow in Puebla (55 clients), showcasing capabilities across Global Payments Solutions, Global Trade Solutions and Markets and Securities Services.

Additional relationship-building activities included the Guadalajara Golf Tournament, attended by 92 clients.

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	Nine Months	
	30-Sep-26	**30-Sep-25**
Net interest income	22,476	24,262
Non-interest income	7,978	7,095
Total revenue	**30,454**	**31,357**
Loan impairment charges	(7,661)	(9,204)
Net operating income	**22,792**	**22,153**
Administrative and personnel expenses	(20,879)	(20,342)
Share of profits in equity interest	224	214
Profit/(loss) before tax	**2,138**	**2,025**

Key metrics

Profit before tax for the nine months to 2026 was MXN2,138m, an increase of MXN112m or 5.5% compared with MXN2,025m for the same period in 2025. The increase was mainly driven by lower loan impairment charges reflecting the affluent-focused strategy and gains on strategic transactions, partially offset by lower net interest income and higher administrative and personnel expenses associated with ongoing investments to support the business strategy. With Markets Treasury allocation, profit before tax was MXN3,246m.

Total revenue for the nine months to 2026 was MXN31,357m, a decrease of MXN903m or 3.0% compared with MXN30,454m for the same period in 2025. The decrease reflected lower net interest income from continued portfolio repositioning, partly offset by gains on the sale of our stakes in E-Global and TransUnion.

Loan impairment charges for the nine months to 2026 were MXN7,661m, a decrease of MXN1,543m or 16.8% compared with MXN9,204m for the same period in 2025, reflecting lower loan balances and continued improvement in credit quality.

Administrative and personnel expenses for the nine months to 2026 were MXN20,879m, an increase of MXN537m or 2.6% compared with MXN20,342m 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 September 2026, **net loans and advances to customers** were MXN223.1bn, showing an overall decrease of MXN22.4bn or 9.1% compared with MXN245.5bn at 30 September 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 September 2026 were MXN266.3bn, a decrease of MXN13.9bn or 5.0% compared with MXN280.2bn at 30 September 2025, mainly due to ongoing optimization of the funding mix and the repositioning of selected balances.

Milestones

Grupo Financiero HSBC, S.A. de C.V. continues to advance its ambition to become our clients' main bank. Relevant milestones achieved include:

Shift to Affluent Strategic Priority IWPB continued to advance its affluent strategy, supported by improved sales quality, stronger credit card acquisition and ONE+ issuance of 18.3k cards as of 10 October 2026. The business also continued to strengthen its control environment.

Wealth and Premier Solutions: Benefit Hub has enrolled more than 29k customers, of whom 20% are Premier customers, and accounted for 24% of loyalty-programme redemptions during September. The Premier Elite segment was launched during the period, further strengthening the Wealth and Premier proposition.

About HSBC

Grupo Financiero HSBC, S.A. de C.V., is one of the leading financial groups in Mexico with 600 branches, 4,282 ATMs and 11,815 employees as of 30 September 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 3,444bn at 30 September 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 nine months ended 30 September 2026

Figures in MXN Millions

	Group	
	30-Sep-26	30-Sep-25
Interest income	57,860	69,679
Interest expense	(22,811)	(32,356)
Net interest income	**35,049**	**37,323**
Loan impairment charges	(7,431)	(10,915)
Risk-adjusted net interest income	**27,618**	**26,408**
Fees income	10,952	11,190
Fees expense	(2,073)	(2,185)
Premiums, Technical provisions, claims and other liabilities (Insurance)	(707)	(821)
Trading income	3,163	3,173
Other operating income (expense)	373	(921)
Total operating income	**39,326**	**36,844**
Administrative and personnel expenses	(28,822)	(27,103)
Net operating income	**10,504**	**9,741**
Share of profits in equity interest	230	228
Profit before tax	**10,734**	**9,969**
Income tax	(3,681)	(2,149)
Net income before discontinued operations	**7,053**	**7,820**
Net income	**7,053**	**7,820**

Consolidated Income Statement – BANK nine months ended 30 September 2026

Figures in MXN Millions

	Bank	
	30-Sep-26	**30-Sep-25**
Interest income	57,547	69,416
Interest expense	(22,833)	(32,443)
Net interest income	**34,714**	**36,973**
Loan impairment charges	(7,431)	(10,915)
Risk-adjusted net interest income	**27,283**	**26,058**
Fees income	9,813	10,364
Fees expense	(2,448)	(2,553)
Trading income	1,086	1,446
Other operating income (expense)	835	(455)
Total operating income	**36,569**	**34,860**
Administrative and personnel expenses	(28,377)	(26,732)
Net operating income	**8,192**	**8,128**
Share of profits in equity interest	227	225
Profit before tax	**8,419**	**8,353**
Income tax	(2,991)	(1,617)
Net income before discontinued operations	**5,428**	**6,736**
Net income	**5,428**	**6,736**

Consolidated Balance Sheet – nine months ended 30 September 2026 (Comparatives)

Figures in MXN millions	Group		Bank	
	30 Sep 26	30 Sep 25	30 Sep 26	30 Sep 25
Assets				
Cash and cash equivalents	81,044	69,949	80,824	69,747
Margin accounts	478	466	478	466
Financial Investments	**281,968**	**264,336**	**229,481**	**225,810**
Trading financial investments	113,363	109,677	68,605	77,975
Financial investments hold to collect and sale	92,816	107,975	85,087	101,151
Financial investments hold to collect principal and interest (securities) (net)	75,789	46,684	75,789	46,684
Reverse repurchases agreements	32,932	29,237	32,932	29,237
Derivative transactions	14,281	23,626	14,282	23,626
Loan and advances - credit risk stage 1				
Commercial loans	224,666	228,226	224,666	228,226
Consumer loans	75,731	90,915	75,731	90,915
Mortgage loans	136,805	143,324	136,805	143,324
Total loan portfolio with credit risk stage 1	437,202	462,465	437,202	462,465
Loan and advances - credit risk stage 2				
Commercial loans	2,181	1,193	2,181	1,193
Consumer loans	2,381	3,075	2,381	3,075
Mortgage loans	2,509	2,464	2,509	2,464
Total loan portfolio with credit risk stage 2	7,071	6,732	7,071	6,732
Loan and advances - credit risk stage 3				
Commercial loans	5,197	6,991	5,197	6,991
Consumer loans	2,696	3,189	2,696	3,189
Mortgage loans	4,937	4,285	4,937	4,285
Total loan portfolio with credit risk stage 3	12,830	14,465	12,830	14,465
Credit Portfolio measured at fair value	506	-	506	-
Gross loans and advances to customers	457,103	483,662	457,103	483,662
Expected credit losses	(15,429)	(18,692)	(15,429)	(18,692)
Gross loans and advances to customers - Insurance	109	114	-	-
Total net loans and advances to customers	**442,289**	**465,084**	**442,180**	**464,970**
Premium receivables	2,377	2,433	-	-
Accounts receivables from reinsurers and rebonding companies	44	82	-	-
Other accounts receivable (net)	45,615	51,224	45,193	50,723
Foreclosed assets	397	340	397	340
Long term assets held for sale	-	1,063	-	1,063
Property, furniture and equipment (net)	6,423	6,205	6,423	6,205
Property, furniture and equipment (net) – Rights-of-use assets (RoU)	2,534	2,818	2,534	2,815
Prepayments and other assets	5,956	6,310	5,859	6,004
Long-term investments	581	534	523	479
Deferred income tax asset (net)	7,711	7,421	7,576	7,280
Intangible assets (net)	7,259	7,277	7,259	7,277
Intangible assets (net) – RoU assets	199	236	-	-
Goodwill	955	955	-	-
Benefits receivable in securitization transactions	-	-	-	-
Total assets	**933,043**	**939,595**	**875,941**	**896,042**

Consolidated Balance Sheet – At nine months ended 30 September 2026 (continued)
Figures in MXN millions

	Group		Bank	
	30 Sep 26	**30 Sep 25**	**30 Sep 26**	**30 Sep 25**
Liabilities				
Deposits	**511,424**	**529,664**	**512,022**	**530,282**
Demand deposits	335,553	345,480	336,138	346,076
Time deposits	153,685	162,449	153,698	162,471
Bank bond outstanding	18,999	19,031	18,999	19,031
Global deposit account without movements	3,187	2,704	3,187	2,704
Bank deposits and other liabilities	**5,644**	**9,458**	**5,644**	**9,458**
On demand	-	-	-	-
Short-term	2,426	4,757	2,426	4,757
Long-term	3,218	4,701	3,218	4,701
Pending securities to pay	-	-	-	-
Technical reserves	50,687	38,194	-	-
Unsettled transactions	-	-	-	-
Repurchase agreements	110,986	114,638	110,986	114,638
Collateral sold	**29,864**	**29,067**	**29,864**	**29,067**
Reports (credit balance)	29,675	26,792	29,675	26,792
Securities lending	189	2,275	189	2,275
Derivative financial liabilities	**15,679**	**25,197**	**15,679**	**25,197**
Trading derivatives	15,677	25,195	15,677	25,195
Hedging derivatives	2	2	2	2
Accounts payable from reinsurers and rebonding companies	4	11	-	-
Lease liabilities	2,692	2,883	2,692	2,881
Other payable accounts	**60,105**	**51,531**	**58,897**	**50,516**
Settlement accounts	39,581	30,635	38,995	30,249
Income tax and employee profit sharing payable	1,415	728	1,415	728
Contributions for future capital increases	934	1,225	844	1,139
Sundry creditors and other accounts payable	18,175	18,943	17,643	18,400
Financial instruments qualifying as liabilities (subordinated debt)	**41,902**	**36,488**	**41,902**	**36,488**
Subordinated debentures outstanding	41,902	36,488	41,902	36,488
Income tax liabilities	2,168	1,125	2,024	1,092
Employee benefit liabilities	7,005	6,133	6,910	6,050
Deferred credits and receivable in advance	2,041	1,869	2,041	1,869
Total liabilities	**840,201**	**846,258**	**788,661**	**807,538**
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	**52,763**	**52,691**	**52,290**	**52,747**
Capital reserves	1,244	1,244	16,721	15,990
Retained earnings – prior years	44,466	43,627	30,141	30,021
Net income	7,053	7,820	5,428	6,736
Result from the mark-to-market of available- for-sale securities	770	772	736	918
Result from cash flow hedging transactions	(176)	(65)	(176)	(65)
Adjustment in the employee pension	(3,890)	(3,437)	(3,888)	(3,414)
Total controlling interests	**92,840**	**93,334**	**87,280**	**88,504**
Minority interest in capital	2	3	-	-
Total shareholder's equity	**92,842**	**93,337**	**87,280**	**88,504**
Total liabilities and equity	**933,043**	**939,595**	**875,941**	**896,042**

Consolidated Balance Sheet – **At nine months ended 30 September 2026** continued)

Figures in MXN millions

	Group		Bank	
	30 Sep 26	**30 Sep 25**	**30 Sep 26**	**30 Sep 25**
Memorandum accounts				
Third party accounts	**89,659**	**90,584**	**-**	**-**
Clients current accounts	1,468	1,512	-	-
Custody operations	88,191	89,072	-	-
Proprietary position	**2,393,358**	**2,773,135**	**2,155,046**	**2,551,044**
Irrevocable lines of credit granted	443,645	420,868	443,645	420,868
Goods in trust or mandate	**317,310**	**199,793**	**317,310**	**199,793**
Trusts	316,395	198,934	316,395	198,934
Mandate	915	859	915	859
Goods in custody or under administration	488,449	456,932	488,449	456,932
Collateral received by the institution	34,927	33,467	34,927	33,467
Collateral received and sold or delivered as guarantee	31,333	30,254	31,333	30,254
Suspended interest on stage 3 loans	803	687	803	687
Other control accounts	1,076,891	1,631,134	838,579	1,409,043
Total memorandum account	**2,483,017**	**2,863,719**	**2,155,046**	**2,551,044**

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	-	-	(200)	174	-	24	(2)	-	(2)
Cash dividends*	-	-	(5,110)	-	-	-	**(5,110)**	(1)	**(5,111)**
Capitalization of other equity items	-	-	-	-	-	-	**-**	-	**-**
Comprehensive Income:									
Net income	-	-	7,053	-	-	-	**7,053**	-	**7,053**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	(304)	-	-	(304)	-	(304)
Valuation of cash flow hedging transactions	-	-	-	-	(80)	-	(80)	-	(80)
Remeasurement of defined benefits to employees	-	-	-	-	-	(244)	(244)	-	(244)
Remeasurement of defined benefits to employees	-	-	-	1	-	-	1	-	1
Total	-	-	7,053	(303)	(80)	(244)	**6,426**	-	6,426
Final balances as of 30 September 2026[12]	**43,373**	**1,244**	**51,519**	**770**	**(176)**	**(3,890)**	**92,840**	**2**	**92,842**

[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	-	-	7	-	-	-	**7**	-	**7**
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	-	-	5,428	-	-	-	**5,428**	-	**5,428**
Other comprehensive income:									
Valuation of financial investments hold to collect and sale	-	-	-	(345)	-	-	**(345)**	-	**(345)**
Valuation of cash flow hedging transactions	-	-	-	-	(79)	-	**(79)**	-	**(79)**
Remeasurement of defined benefits to employees	-	-	-	-	-	(244)	**(244)**	-	**(244)**
Participation in comprehensive income of other entities	-	-	-	-	-	-	**-**	-	**-**
Total	**-**	**-**	**5,428**	**(345)**	**(79)**	**(244)**	**4,760**	**-**	**4,760**
Final balances as of 30 September 2026	**38,318**	**16,721**	**35,569**	**736**	**(176)**	**(3,888)**	**87,280**	**-**	**87,280**

Consolidated Statement of Cash Flow - Group
Figures in MXN millions

	30 Sep 2026
Profit/(loss) before taxes	**10,734**
Adjustments for items associated with investing activities	**3,577**
Depreciation of property, furniture and equipment	1,791
Amortization of intangible assets	2,016
Participation in the net result of other entities	(230)
Adjustments for items associated with financing activities	**4,266**
Interest associated with bank deposits and other liabilities	397
Financial instruments qualifying as liabilities (subordinated debt)	3,869
Changes in items related to operating activities	**(2,736)**
Bank deposits and other liabilities	(5,121)
Margin accounts	(30)
Financial investments	(20,198)
Reverse repurchases agreements	13,420
Derivative transactions (assets)	4,621
Loan portfolio (net)	18,297
Debtors of re-insurance	226
Recoverable amounts for reinsurance and refinancing (net)	30
Change in benefits from receiving securitization operations	-
Change in inventories	-
Other accounts receivable (net)	(24,271)
Foreclosed assets (net)	-
Change in securities lending (liabilities)	(76)
Deposits	(55,256)
Technical reserves	9,200
Repurchase agreements	41,047
Collaterals sold or given in guarantee	2,812
Derivative transactions (liabilities)	(3,745)
Accounts payable for reinsurers	(5)
Change of assets/liabilities for employee benefits	73
Other accounts payable	17,464
Other provisions	1,822
Income tax payments	(3,046)
Net cash flows from operating activities	**15,841**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(856)
Proceeds from the sale of property, furniture and equipment	-
Collections of cash dividends from permanent investments	82
Payments for acquisition of intangible assets	(1,921)
Other receipts from investing activities	-
Other payments from investing activities	-
Net cash flows from investing activities	**(2,695)**
Financing activities:	
Payments of bank loans and other organizations	(1,054)
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	**(6,164)**
Increase/Decrease in cash and equivalents	6,982
Cash and equivalents at beginning of period	74,062
Cash and equivalents as of 30 September 2026	**81,044**

Consolidated Statement of Cash Flow - Bank
Figures in MXN millions

	30 Sep 2026
Profit before taxes	**8,419**
Adjustments for items associated with investing activities	**3,550**
Depreciation of property, furniture and equipment	1,789
Amortization of intangible assets	1,988
Other adjustments for items associated with investing activities	(227)
Adjustments for items associated with financing activities	**4,266**
Interest associated with bank deposits and other liabilities	397
Financial instruments qualifying as liabilities (subordinated debt)	3,869
Changes in items related to operating activities:	**(1,861)**
Bank deposits and other liabilities	(5,121)
Margin accounts	(30)
Financial investments	(10,333)
Reverse repurchases agreements	13,420
Derivative transactions (assets)	4,621
Loans and advances (net)	18,311
Change in benefits from receiving securitization operations	-
Other accounts receivable (net)	(23,450)
Change in securities lending (liabilities)	-
Foreclosed assets (net)	(76)
Other operating assets	(1,433)
Deposits	(55,116)
Repurchase agreements	41,047
Collaterals sold or given in guarantee	2,812
Derivative transactions (liability)	(3,745)
Adjustments for employee benefits	-
Other operational liabilities	20,464
Change of assets/liabilities for employee benefits	317
Other accounts payable	(2,675)
Other provisions	1,900
Income tax payments	(2,774)
Net cash flows from operating activities	**14,374**
Investing activities:	
Payments for the acquisition of property, furniture and equipment	(856)
Payments for the acquisition of affiliates	-
Collections of cash dividends from permanent investments	82
Payments for acquisition of intangible assets	(1,921)
Other payments from investing activities	-
Net cash flows from investing activities	**(2,695)**
Financing activities:	
Lease liability payments	(1,052)
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	**(4,712)**
Increase/Decrease in cash and equivalents	6,967
Cash and equivalents at beginning of period	73,857
Cash and equivalents as of 30 September 2026	**80,824**

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

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, .

comparative 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 nine months ended 30 September 2026 and an explanation of the key reconciling items.

	30 Sep 2026
Figures in MXN millions	
Grupo Financiero HSBC – Profit / (loss) before tax under Mexican GAAP	**10,734**
Differences arising from:	
Loan impairment charges and other differences in presentation under IFRS	(379)
IFRS16	75
Effective interest rate	(432)
Valuation of defined benefit pensions and post-retirement healthcare benefits, including post-employment benefits	195
Fair value adjustments on financial instruments	(22)
Deferred profit sharing	(56)
Collection Cost	202
Other insurance adjustments[13]	(492)
Others	136
Profit before/(loss) tax under IFRS	**9,961**

[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 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 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 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 2 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.