

Financial Stability Report – June 2025

June 11, 2025

BANCO DE MÉXICO®

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Notice

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Introduction

The Financial Stability Report (FSR) outlines the current state of vulnerabilities and risks to the stability of Mexico's financial system by describing the following**:**



The **main macro-financial risks** that could stem from the behavior of financial and macroeconomic variables.



Monitoring and analysis of the financial system's risks and vulnerabilities.



Regulatory measures implemented for the sound development of the financial system.



The results of the **credit, liquidity, and climate change stress tests to evaluate resilience of the system to adverse shocks.**

The Mexican financial system maintains a solid and resilient position in an uncertain global environment characterized by:

- ✓ Global economic activity has slowed down and its outlook has deteriorated over the last six months.
- ✓ The decline in inflation continued to advance, albeit with disparities between countries.
- ✓ Financial conditions in Mexico remain in the restrictive zone, although they have eased since the last *Report*.

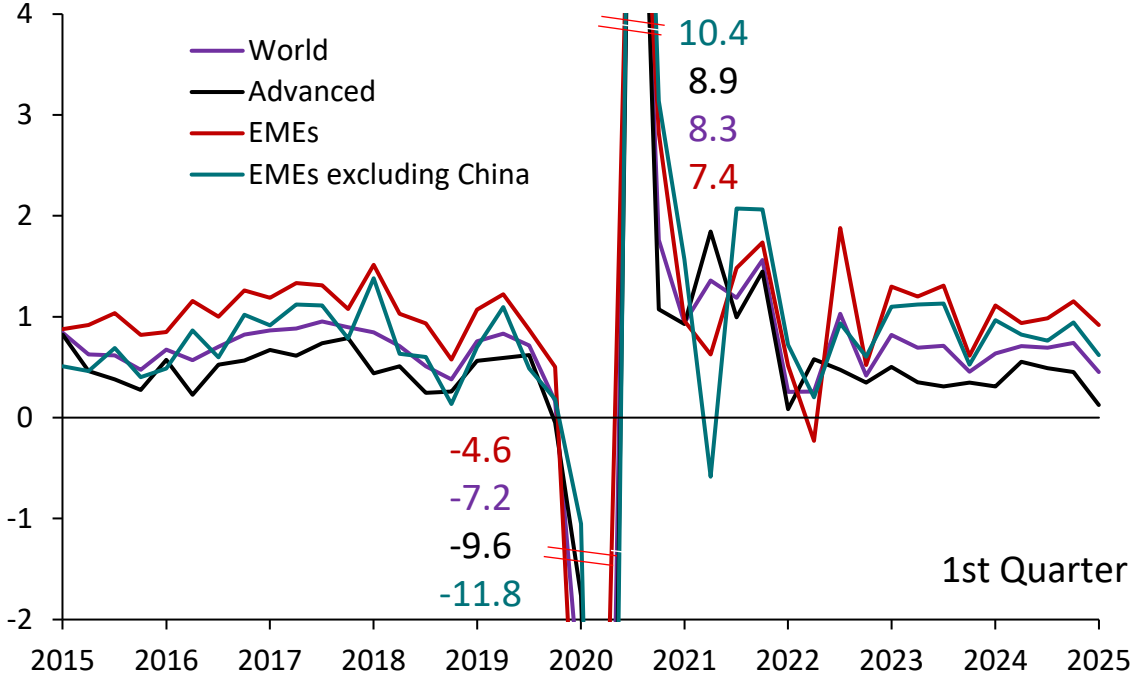
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1 Global growth

Most recent global growth forecasts for 2025 and 2026 by the International Monetary Fund (IMF) were revised downwards as compared to those from earlier this year.

GDP growth[1/]

Quarterly % change, s. a.



Data as of 1Q 2025.
Source: Prepared by Banco de México with data from Haver Analytics and Focus Economics.
s. a. / Seasonally adjusted data.
1/ The sample of countries used for the calculation represents 85.3% of world GDP adjusted for purchasing power parity. Forecasts are used for some countries in the sample for 2025-Q1. The range of the graph has been narrowed to make it easier to read. The data shown correspond to the minimum and maximum level of indicators that are not displayed in the graph.

Global GDP growth forecasts

Percent

	World Economic Outlook April 2025		Change from January 2025	
	2025	2026	2025	2026
World	**2.8**	**3.0**	-0.5	-0.3
Advanced	**1.4**	**1.5**	-0.5	-0.3
United States	1.8	1.7	-0.9	-0.4
Euro area	0.8	1.2	-0.2	-0.2
Japan	0.6	0.6	-0.5	-0.2
United Kingdom	1.1	1.4	-0.5	-0.1
Emerging	**3.7**	**3.9**	-0.5	-0.4
Mexico	**-0.3**	**1.4**	-1.7	-0.6
China	4.0	4.0	-0.6	-0.5
India	6.2	6.3	-0.3	-0.2
Brazil	2.0	2.0	-0.2	-0.2

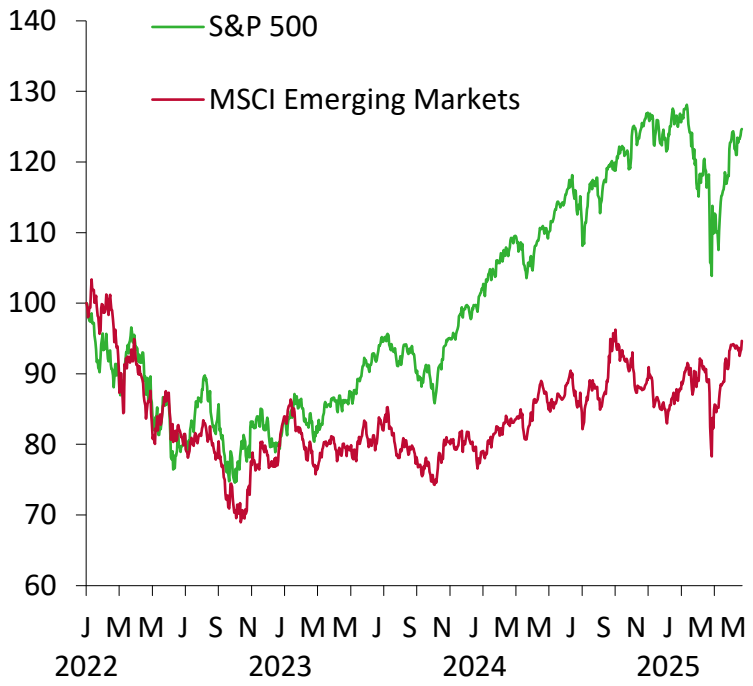
Data as of April 2025.
Source: Prepared by Banco de México with data from the International Monetary Fund (IMF), World Economic Outlook January and April 2025.

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2 International financial markets

In S1-2025, the behavior of international financial markets was mainly driven by changes in US trade policy and their possible impact on global economic growth, as well as by the behavior of inflation and volatility caused by different geopolitical risks.

Stock market's performance
Index (January 2022 = 100)



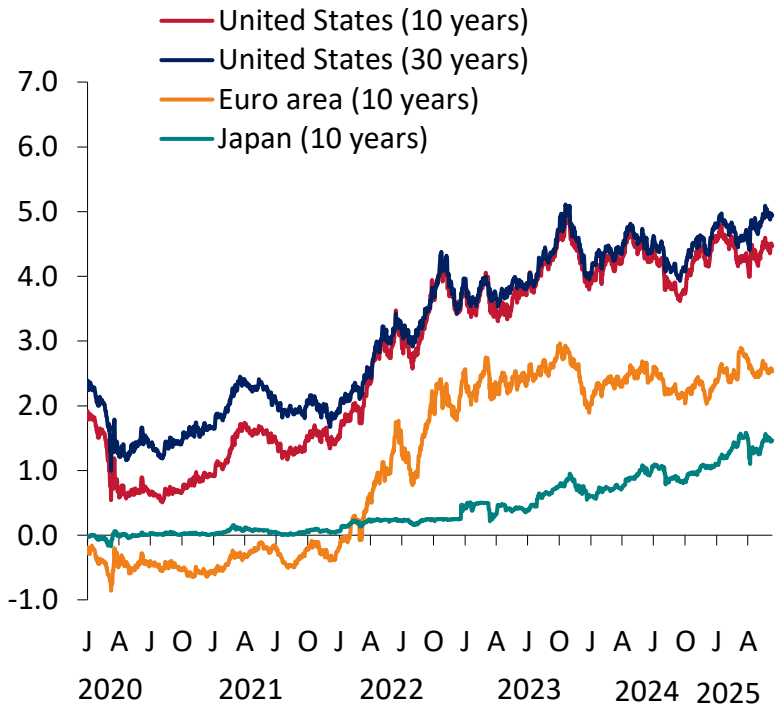
Data as of June 4, 2025.
Source: Banco de México with Bloomberg data.

Global Financial Conditions Index
Index



Data as of June 9, 2025.
Source: Goldman Sachs.

Government bonds' interest rates
Percent



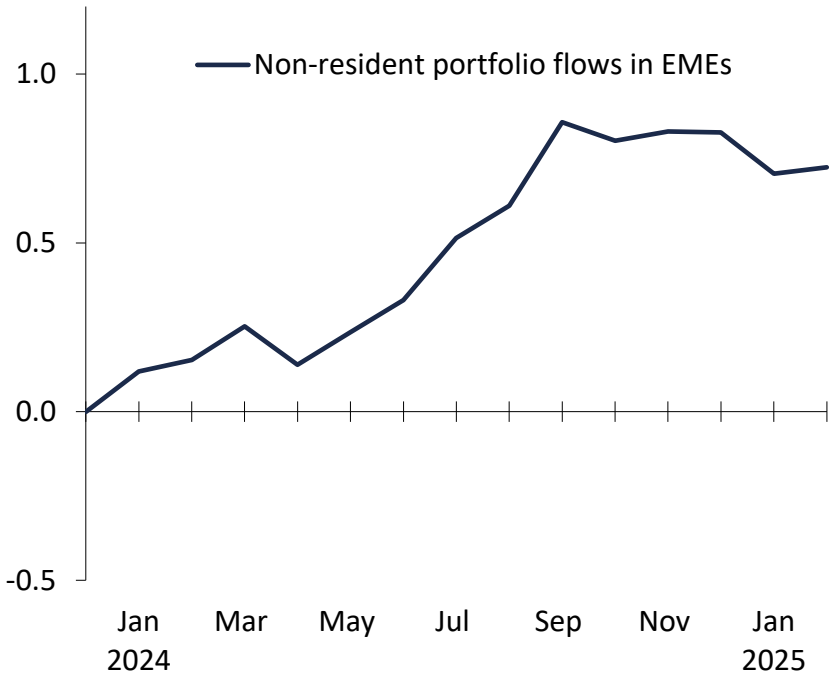
Data as of June 10, 2025.
Source: Bloomberg.

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3 Financial markets in emerging economies

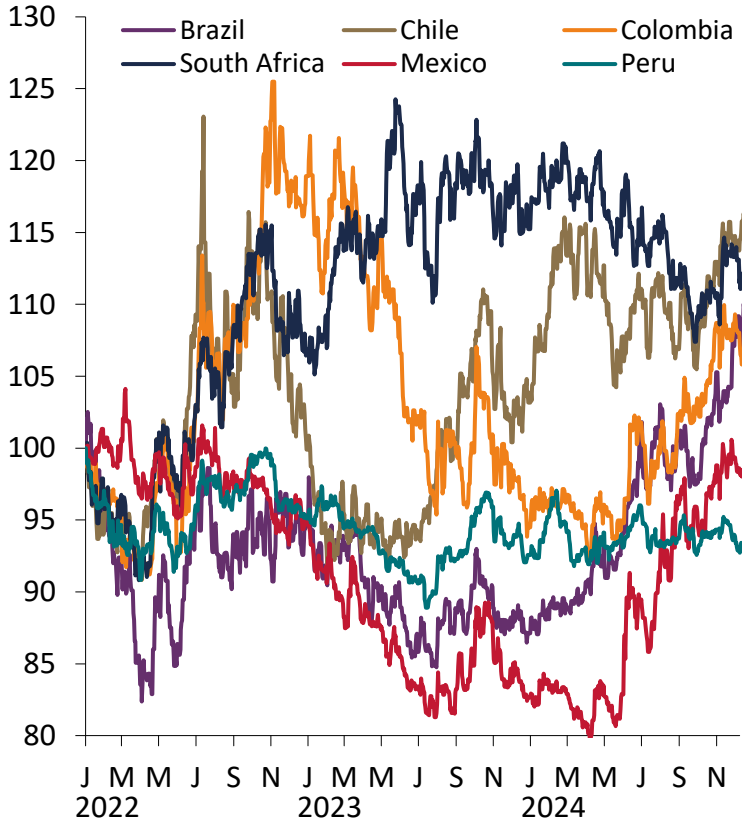
In the current environment, financial markets in emerging countries have performed heterogeneously by region and asset class. Thus, since December 2024, their currencies have shown a positive bias, reflecting the depreciation of the US dollar.

Non-resident portfolio flows to EMEs[1/]
Percent of GDP



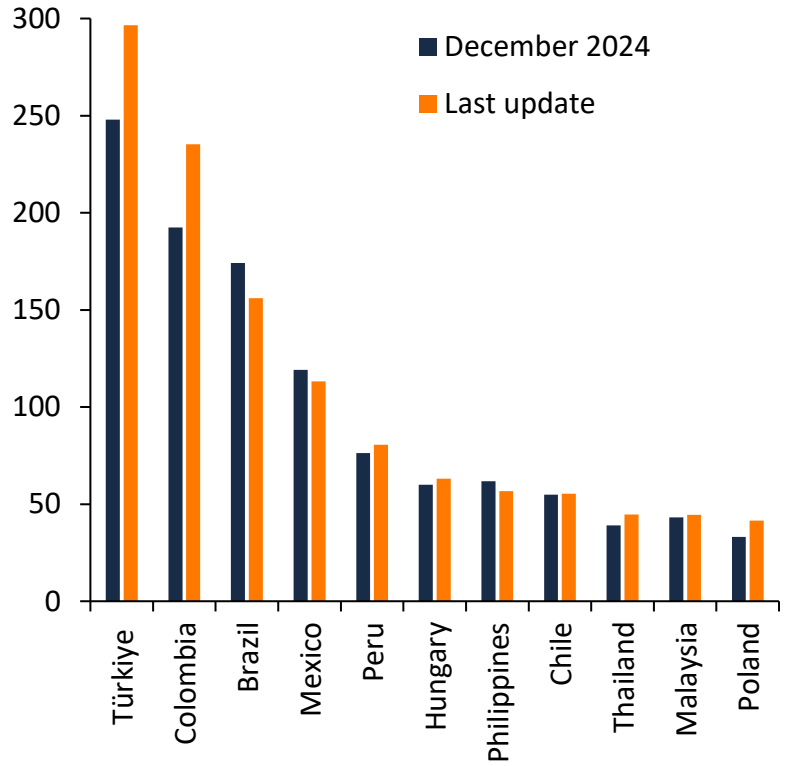
Data as of February 2025.
Source: Institute of International Finance (*IIF*).
1/ Cumulative flows since January 2024. The portfolio flow measure for emerging economies was obtained by summing the flows of Brazil, Chile, Czech Republic, Hungary, India, Indonesia, Poland, South Africa, Thailand and Türkiye and dividing by the sum of their GDP in 2023. Those countries considered in the monetary policy and international financial markets section of the Quarterly Report January-March 2021 for which information was available in the IIF were included.

Nominal exchange rates against the USD
(Index 02-Jan-2022 = 100)



Data as of June 10, 2025.
Source: Bloomberg.

CDS for emerging countries
Basis points



Data as of June 2025.
Source: Bloomberg.

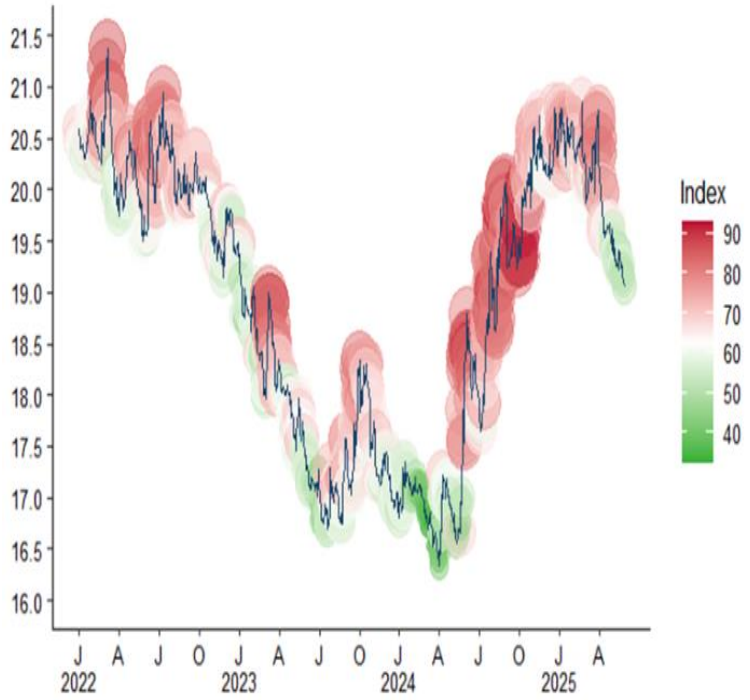
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4 Financial markets in Mexico

Financial markets performed in a relatively orderly manner, despite the environment of greater uncertainty generated by changes in foreign trade policies. Thus, during the period, the Mexican peso appreciated, interest rates declined in all terms, and stock markets displayed a positive performance.

Mexican peso trading conditions index[1/]

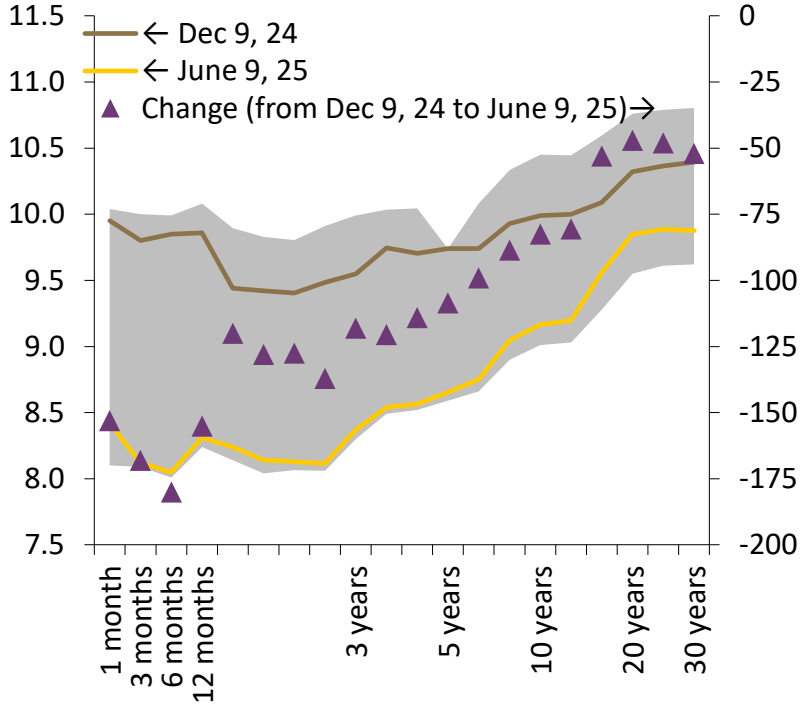
pesos per US dollar; index



Data as of June 2025.
Source: Banco de México calculations with data from Bloomberg and Refinitiv.
1/ The index is estimated as the average of the percentiles calculated since 2018 of the one-month implied volatility and skewness, and of the observed volume and spread, where red indicates a deterioration in the operating conditions of the foreign exchange market.

Nominal yield curve of Cetes and M-bonds[1/]

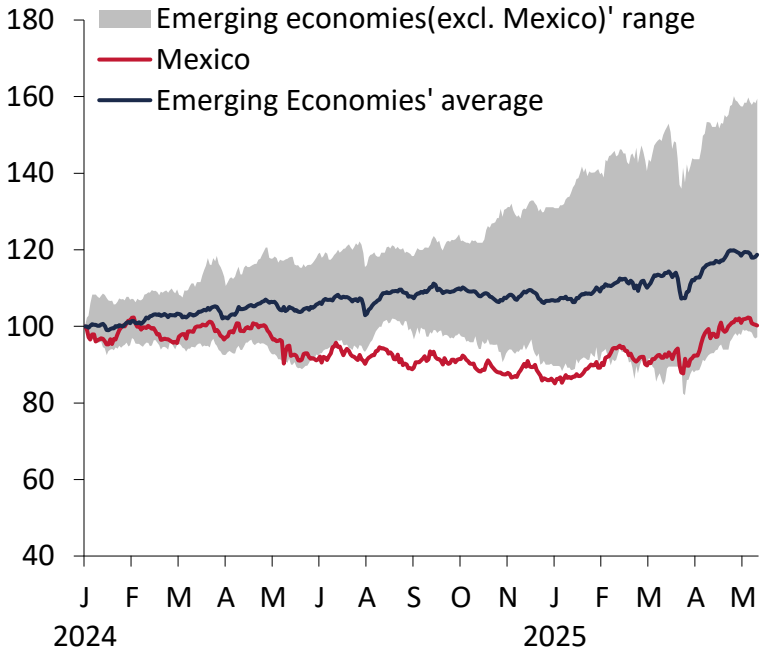
Percent



Data as of June 2025.
Source: Banco de México calculations with PIP data.
1/ The gray area refers to the range of daily yield curves since December 9, 2024.

Equity indices' cumulative performance for emerging economies[1/]

Index (02-Jan-2022 = 100)



Data as of June 2025
Source: Banco de México calculations with Bloomberg data.
1/ The emerging countries considered are: Brazil, Chile, Colombia, Hungary, India, Indonesia, Malaysia, Philippines, Poland and South Africa.

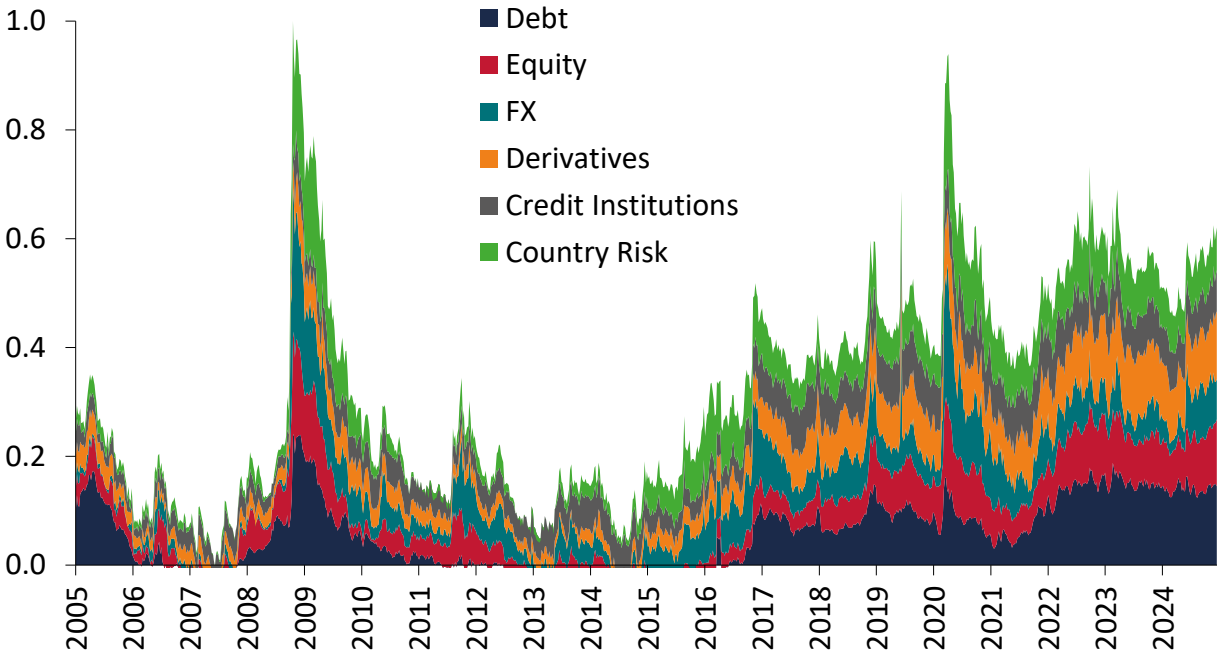
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4 Financial markets in Mexico

Stress in domestic financial markets decreased since the previous *Report*, mainly due to the performance of variables related to the debt, foreign exchange and stock markets. Financial conditions have eased, although they remain in the restrictive zone.

Mexican Financial Markets Stress Index[1/]

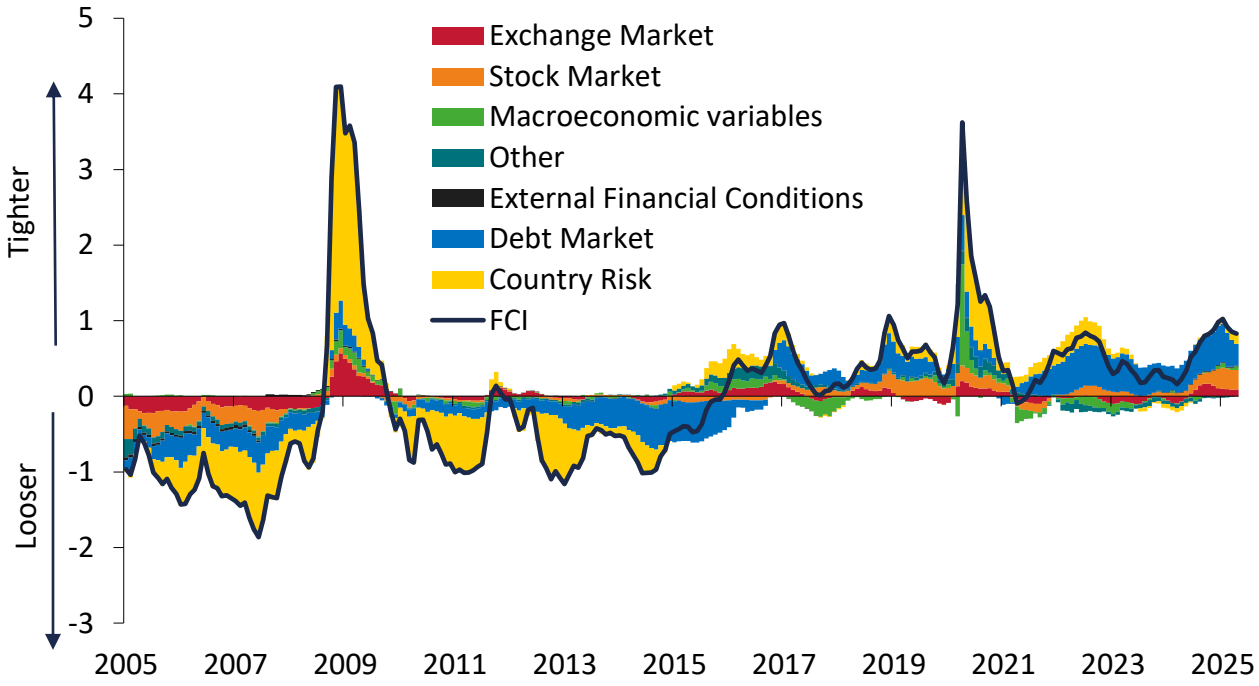
Level



Data as of June 6, 2025.
Source: Banco de México.
1/ The index was calculated using the principal components methodology, constructed with 36 standardized variables of the Mexican financial markets grouped into six categories (debt, equity, foreign exchange, derivatives, credit institutions and country risk markets). The sum of the components yields the Financial Markets Stress Index scaled to the interval [0,1]. A higher level of the index represents greater financial stress.

Financial Conditions Index[1,2/]

Standard deviations



Data as of April 2025.
Source: Banco de México.
1/ For a description of the methodology see Box 2: Financial Conditions and Growth at Risk, Financial Stability Report December 2019.
2/ The contributions of each variable to the ICF are estimated by means of a Kalman filter.

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5 Macro-financial risks

- Although the Mexican financial system's vulnerabilities are contained, there are still certain macro-financial risks that, if materialized, could impair its proper functioning, such as:



A marked weakening of economic activity, at both global and domestic levels.



Increased potential for unexpected surprises in global financial conditions.



Unanticipated adjustments in credit ratings of relevant domestic issuers.



Materialization of a systemic event with implications for the global financial system.

- These risks are considered when designing the credit stress test scenarios.

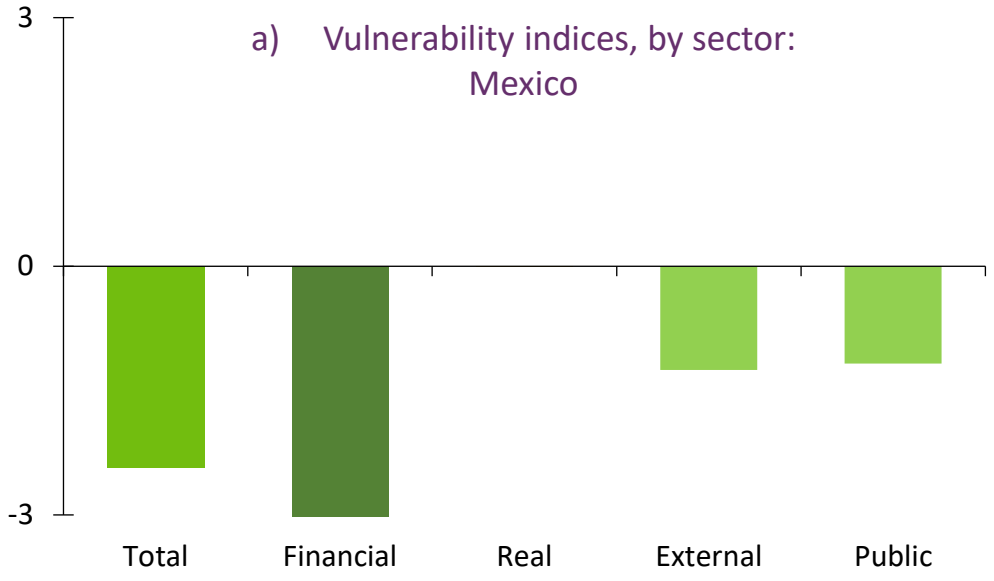
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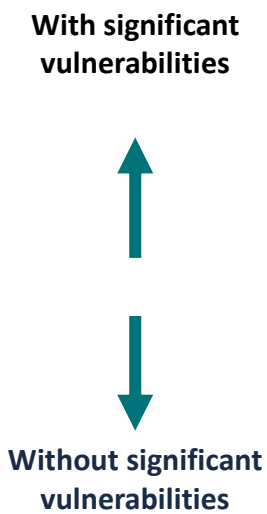
5 Macro-financial risks

The early warning indicators are below their respective thresholds. Therefore, there are no significative macro-financial vulnerabilities and the country maintains its capacity to respond to a potentially adverse economic environment.

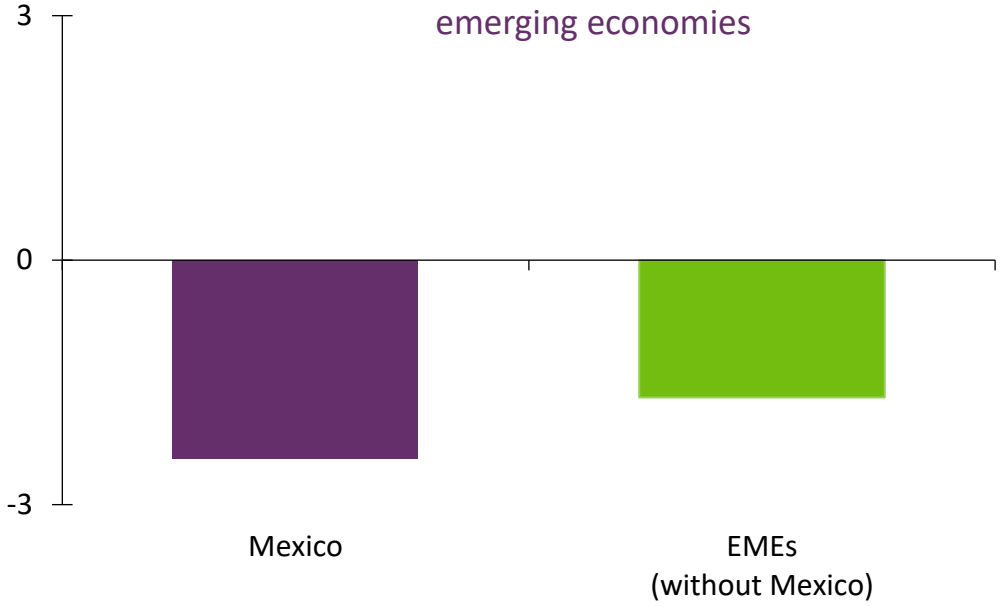
Macro-financial vulnerability indices[1/]

a) Vulnerability indices, by sector: Mexico





b) Aggregate Vulnerability Index: Mexico and emerging economies



Data as of April 2025.
Source: Banco de México, Haver Analytics, IMF (World Economic Outlook and Financial Soundness Indicators). The group of emerging economies includes Brazil, Colombia, Philippines, Indonesia, South Africa, Thailand and Türkiye.
1/ An index equal to 0 implies that the vulnerability threshold has been reached. Negative values imply lower vulnerability, while positive values indicate higher vulnerability.

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Measures to preserve the sound development of the financial system

To maintain the continuous improvement of the regulatory framework, a number of regulatory actions were implemented by Banco de México. Some of these are:



Strengthening the regulatory framework: Best practices and international standards were adopted in areas such as credit risk, accounting standards, derivatives markets, and sustainable finances.



Regulation by Banco de México: Regulation 15/2024 and 16/2024 were released to regulate derivative transactions and securities lending, including those where hedge funds are a counterparty, in accordance with the amendments to the Investment Funds Law.



CNBV regulatory updates: Secondary regulations were issued related to the reforms to the Securities Market Law, detailing the characteristics that the issuers and the issuances should comply to be eligible to participate in the simplified issuance scheme. Also, with the objective of improving credit origination, risk classification, fraud control, and disclosure of sustainability information, other amendments were made to previous secondary regulations known as the CUB, NIF and CUE, for their Spanish acronyms.[1/]

[1/] CUB: Single Banking Rulebook; NIF: Financial Reporting Standards and CUE: General provisions applicable to securities issuers.

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3 Risks of the financial system

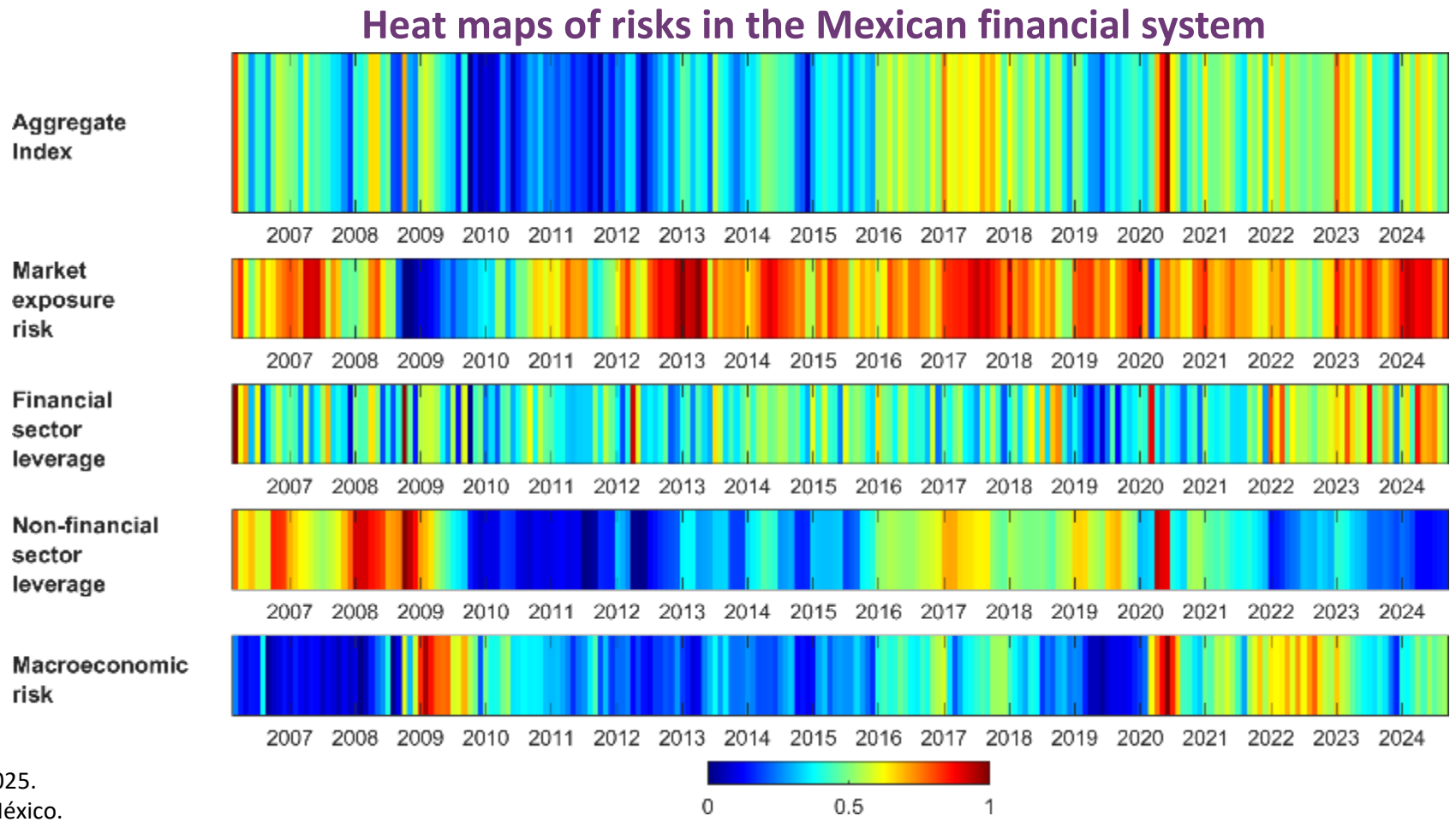
4 Stress tests

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❶ Heat maps of risks in the Mexican financial system

The aggregate risk of the financial system, as illustrated by the heat map, increased slightly compared to the previous *Report*. This was mainly driven by higher financial sector leverage and an increase in macroeconomic risks.



Data as of March 2025.
Source: Banco de México.

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2 Survey of systemic risk perceptions among financial institutions

The main financial risk is a deterioration in the economic growth at the global and domestic levels. Among non-financial risks, political, geopolitical, and social risks stand out. In addition, a decrease in market risks associated with interest rates and currencies is expected.

Main sources of financial system risks (6 months ahead)

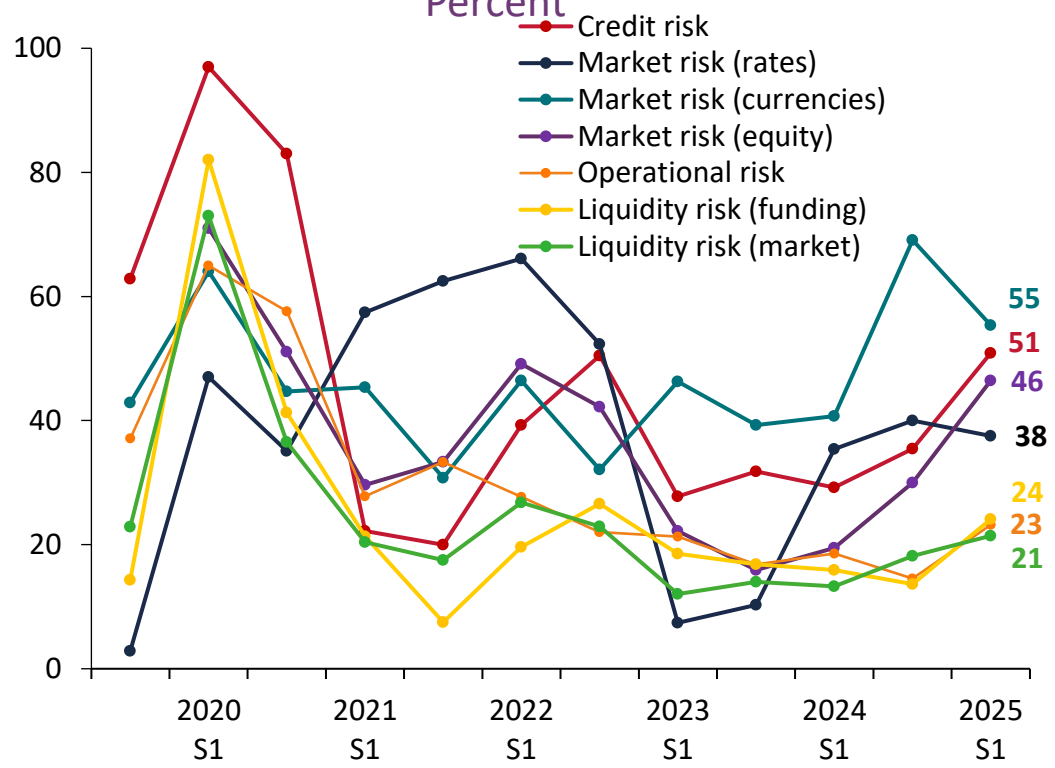
Percent of total institutions

	Nov-24[1/]	May-25[2/]
External financial risks		
Deterioration of global economic growth outlook	74	80
Inflation higher than expected	78	71
Protectionist measures and the weakening of trade agreements	48	68
Deterioration of foreign market conditions*	53	66
Disorderly changes in foreign interest rates	64	63
Domestic financial risks		
Deterioration of the domestic economic growth outlook	70	75
Deterioration of sovereign credit rating	70	71
Deterioration of public finances	65	67
Inflation higher than expected	63	64
Fiscal, financial and economic policies	45	54
Non-financial risks		
Political, geopolitical and social risks	88	89
Cybersecurity and IT risks	90	88
Violence and insecurity	77	75
Climate risk	78	68
Deterioration of the rule of law and impunity	65	55

1/ A total of 110 institutions participated in the previous survey. 2/ A total of 112 Institutions participated in the current survey. * Exchange rate volatility, depreciation and lack of liquidity.

Expectations regarding the evolution of risks over the next six months[1/]

Percent



Source: Banco de México.

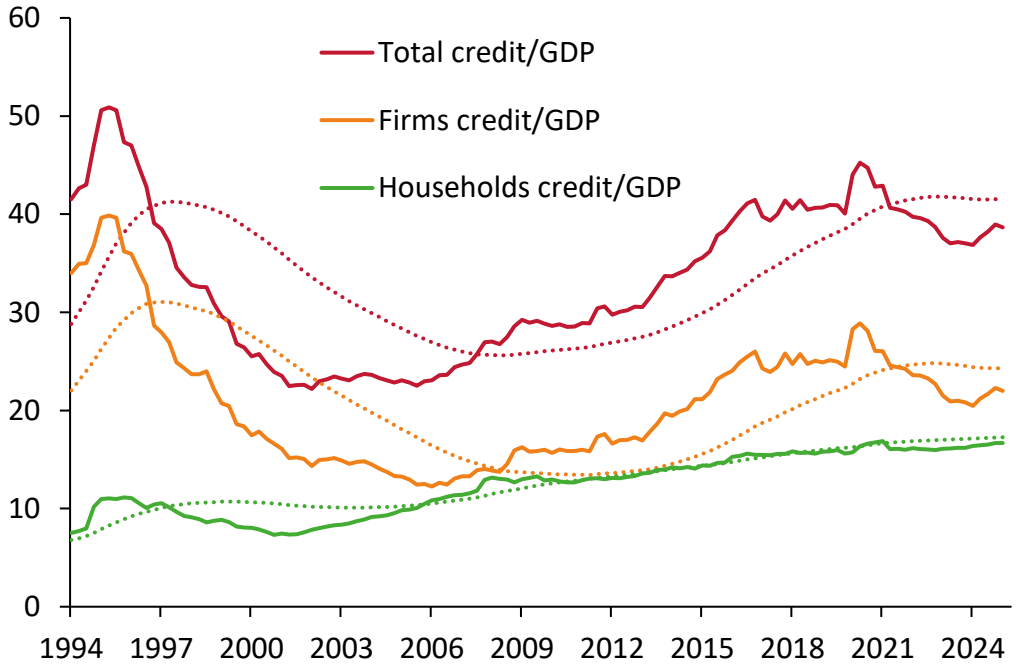
1/ The graph shows the difference between the percentage of institutions that expect risk to increase and the percentage of institutions that expect it to decrease.

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3 Total financing to the non-financial private sector

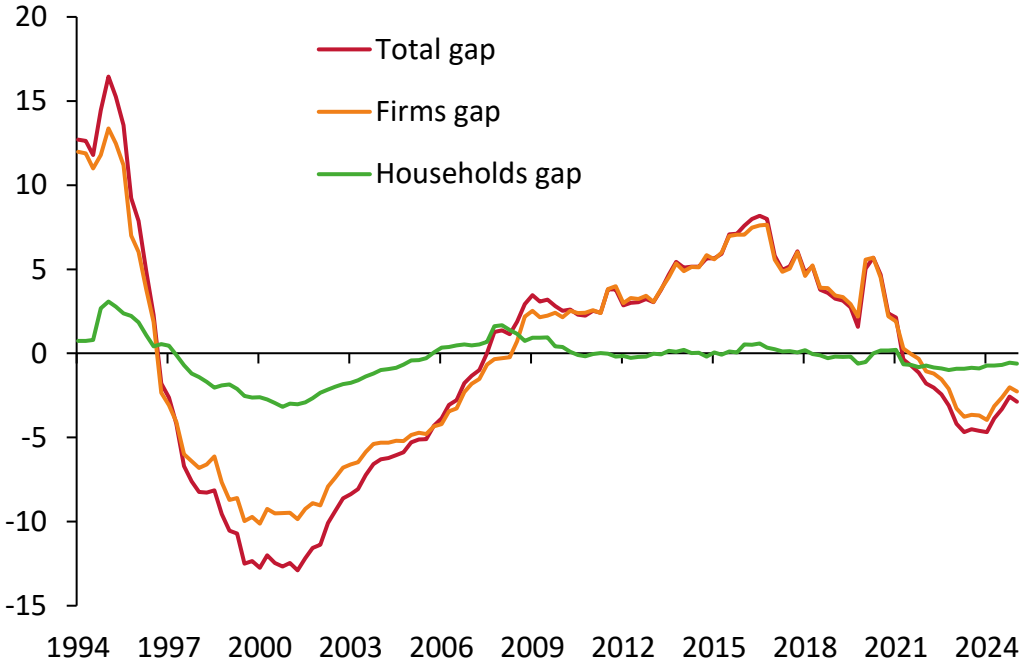
Total financing to the non-financial private sector, measured as a share of GDP, decreased marginally during Q1-2025. The gap with respect to its long-term trend widened and remains at negative levels.

Financing to the non-financial private sector
Percent of GDP[1/]



Data as of March 2025.
Source: Banco de México.
1/ The dotted lines correspond to the long-term trend.

Credit-to-GDP gap[1/]
Percent



Data as of March 2025.
Source: Banco de México.
1/ Refers to the difference between financing and its long-term trend.

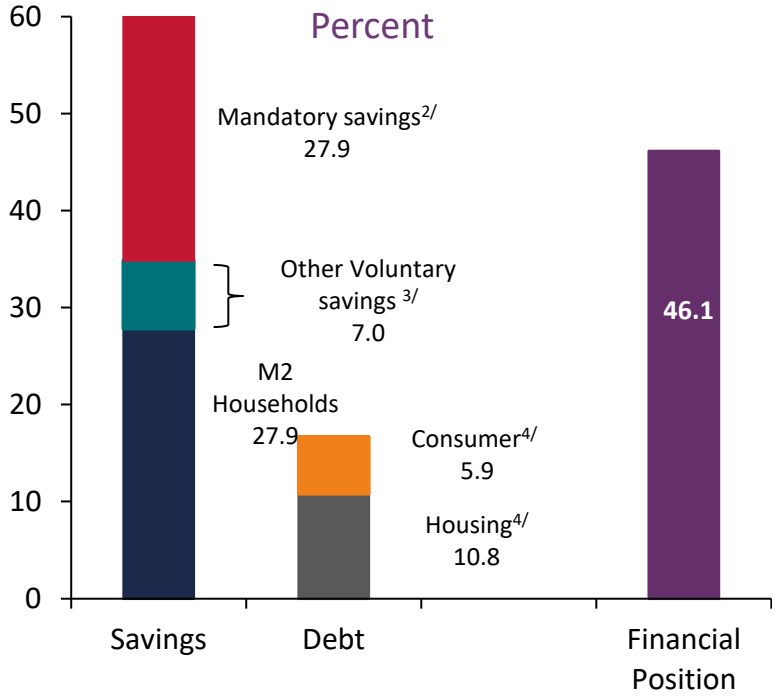
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4 Households' financial position

The financial position of households improved compared to the previous semester and reached maximum levels. Driven by their indebtedness, total consumer financing registered a significant annual real growth, albeit at a lower rate. In particular, bank consumer credit continued increasing at high rates, mainly driven by auto loans.

Households' financial position[1/]

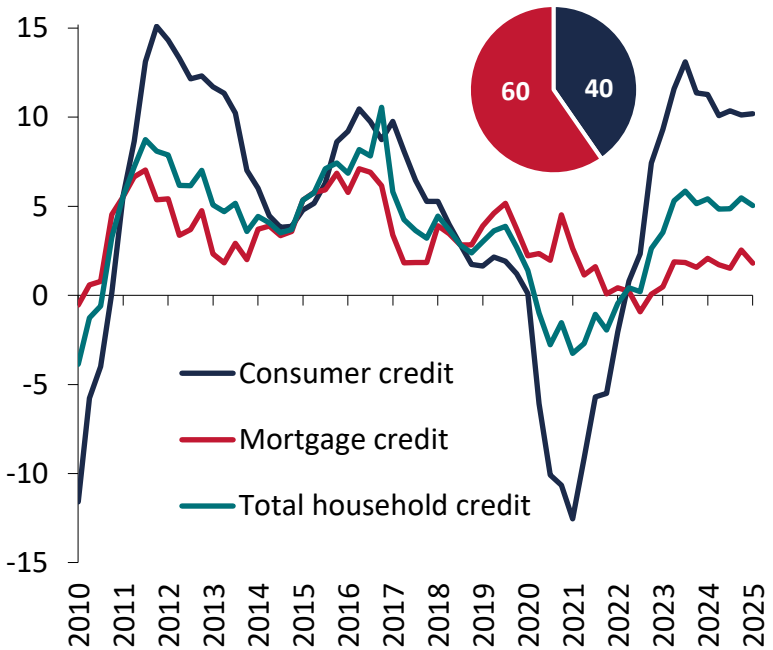
Share of GDP
Percent



Data as of March 2025. Source: Banco de México.
1/ The sum of the parts may not add up to the total due to rounding. Data expressed as a percentage of the average nominal GDP for the last four quarters. 2/ Includes housing and retirement savings funds. 3/ Includes public and private securities issued by states, municipalities, OyEs and Fonadin, and other bank liabilities held by households. 4/ Includes credit granted by commercial banks, development banks, popular savings and loan institutions, credit unions and regulated sofomes.

Household credit growth[1/]

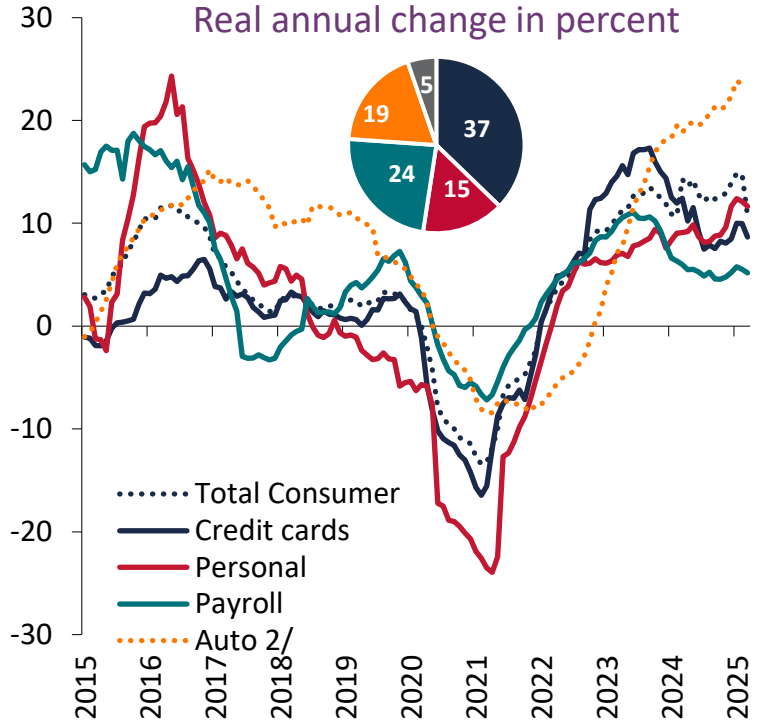
Real annual percent change



Data as of March 2025.
Source: Banco de México, BMV and Condusef.
1/ See the *Report* for details on what is contained in each line item.

Commercial banks' current consumer portfolio[1/]

Real annual change in percent



Data as of March 2025.
Source: CNBV.
1/ Includes regulated sofomes with equity links to banks.
2/ Variation without the effect of the sofom that was acquired by a banking institution in March 2024.

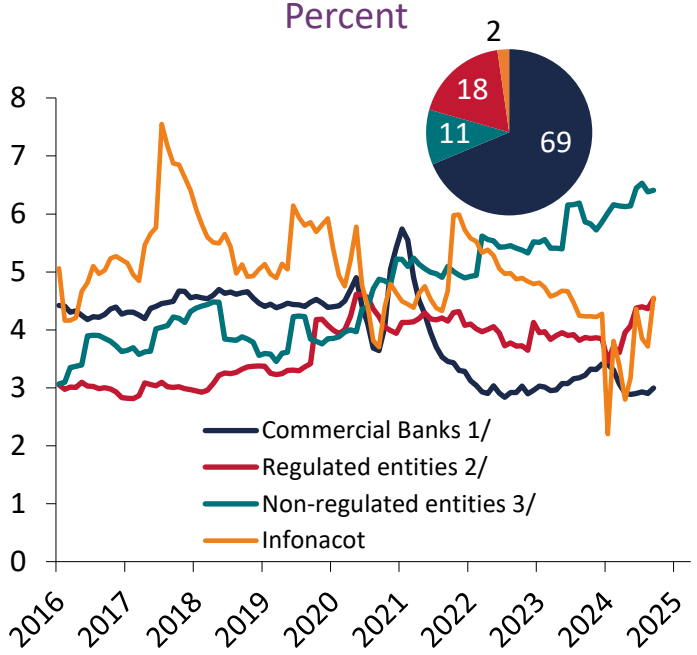
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4 Households' financial position

The consumer bank loan portofolio non-performing loan ratio decreased slightly and remained at low levels, while the adjusted non-performing loan ratio remained at levels similar to those observed in the previous *Report*. The commercial banks and regulated entities' housing portfolios non-performing loan ratios remained low, while Infonavit's increased slightly due to an increment in its non-performing loan balance.

Non-performing loan ratio of consumer portfolio

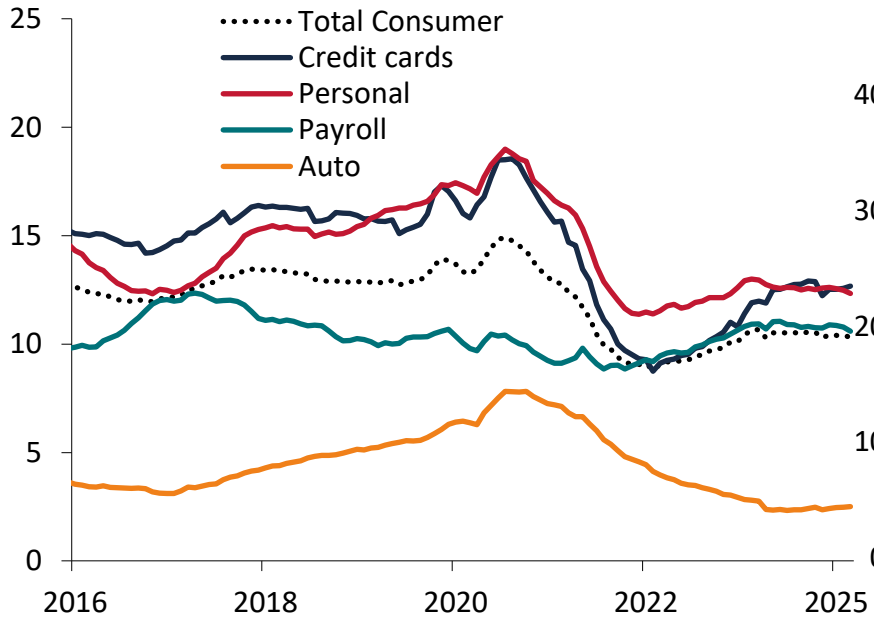
Percent



Data as of March 2025.
Source: Banco de México (SIE), CNBV, BMV and Condusef.
1/ Includes the loan portfolio of regulated sofomes for having an equity link with a bank. 2/ Includes the loan portfolio of regulated non-bank financial institutions such as socaps, sofipos and regulated sofomes for issuing debt. 3/ Includes the loan portfolio of non-regulated sofomes and that of financial companies that mainly grant credit as part of their line of business.

Adjusted non-performing loan ratio of consumer loan portfolio[1/]

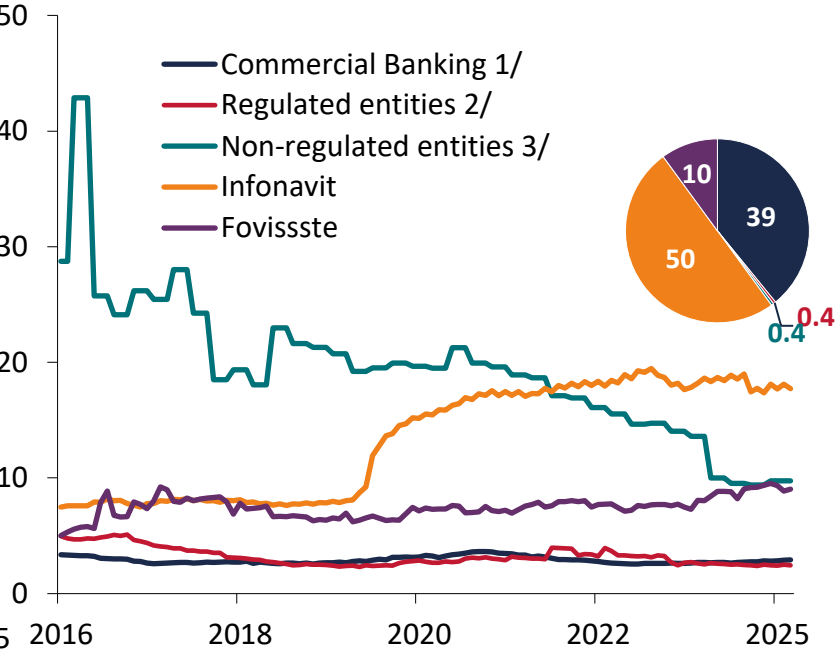
Percent



Data as of March 2025.
Source: CNBV.
1/ Includes regulated sofomes with equity links to banks.

Non-performing loan ratio of mortgage portfolio

Percent



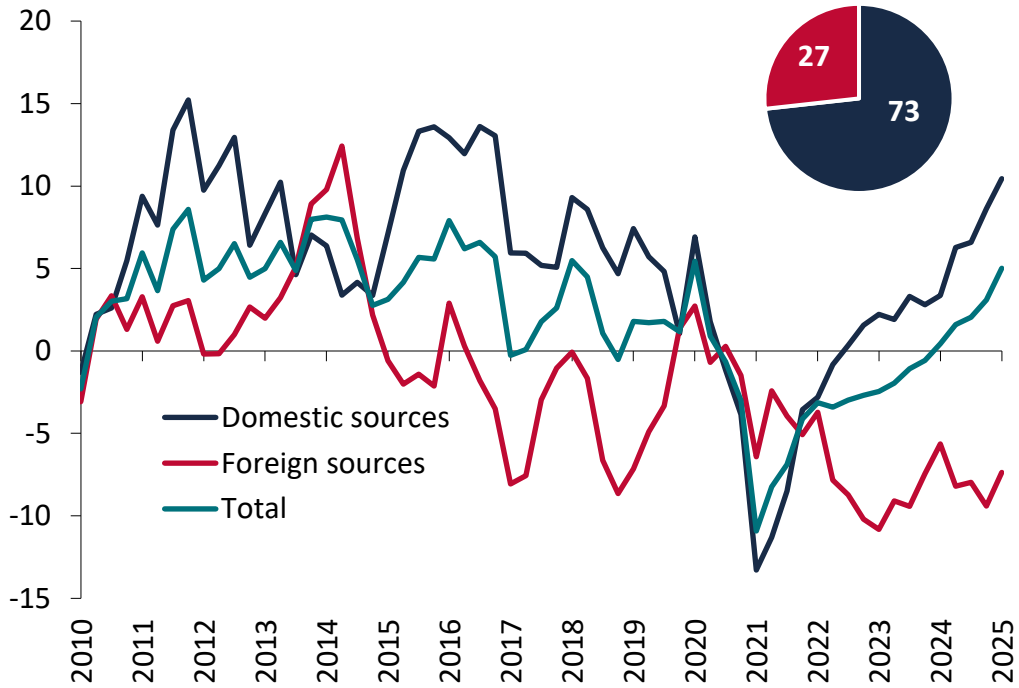
Data as of March 2025.
Source: Banco de México (SIE), CNBV, BMV and Condusef.
1/ Includes the loan portfolio of regulated sofomes for having an equity link with a bank. 2/ Includes the loan portfolio of regulated non-bank financial institutions such as socaps, sofipos, and sofomes regulated for issuing debt. 3/ Includes non-regulated sofomes.

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5 Non-financial private firms' financial position

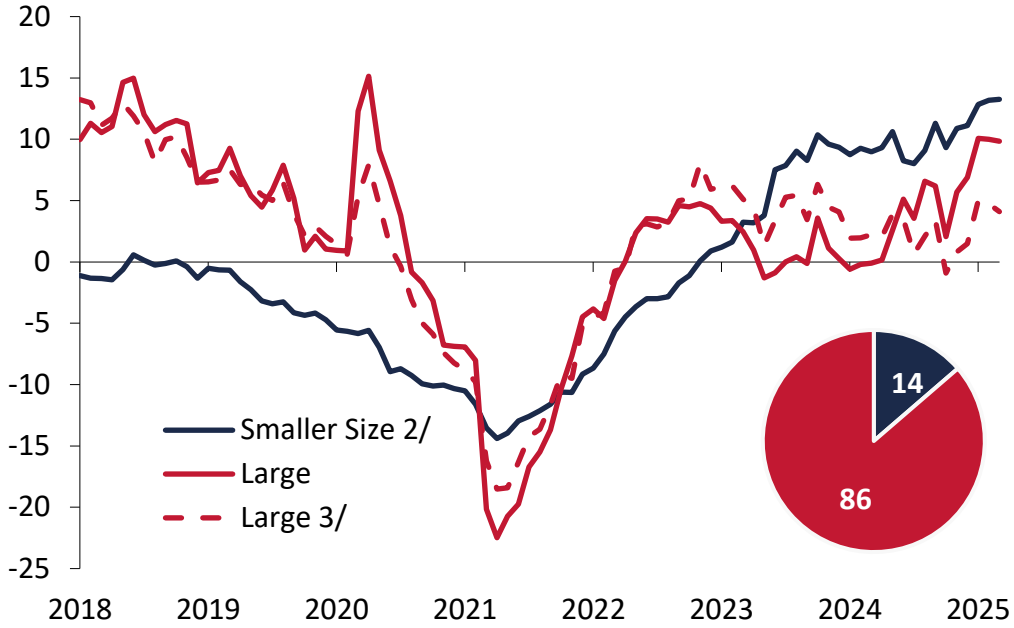
Total lending to non-financial private firms in Mexico increased in real annual terms compared to the previous *Report*. The external component remains at negative levels, albeit exhibiting a slight recovery. The domestic component increased in its three sources. Likewise, the balance of the non-financial corporate banking portfolio also increased in real annual terms.

Total financing to private non-financial companies[1/]
Real annual percentage change



Data as of March 2025.
Source: Banco de México, BMV and SHCP.
1/ The percentages shown take into consideration the data related to non-regulated entities that grant financing and are included in Table 2 of the *Report*, and therefore differ from those shown in the upper part of the same table.

Portfolio growth by company size[1/]
Real annual percentage change



Data as of March 2025.
Source: CNBV
1/ The pie graph shows the total portfolio percentage for each segment.
2/ Private non-financial companies not listed on the Mexican Stock Exchange with historical maximum loans of less than 100 million pesos.
3/ Data adjusted for exchange rate effects for the portfolio in US dollars.

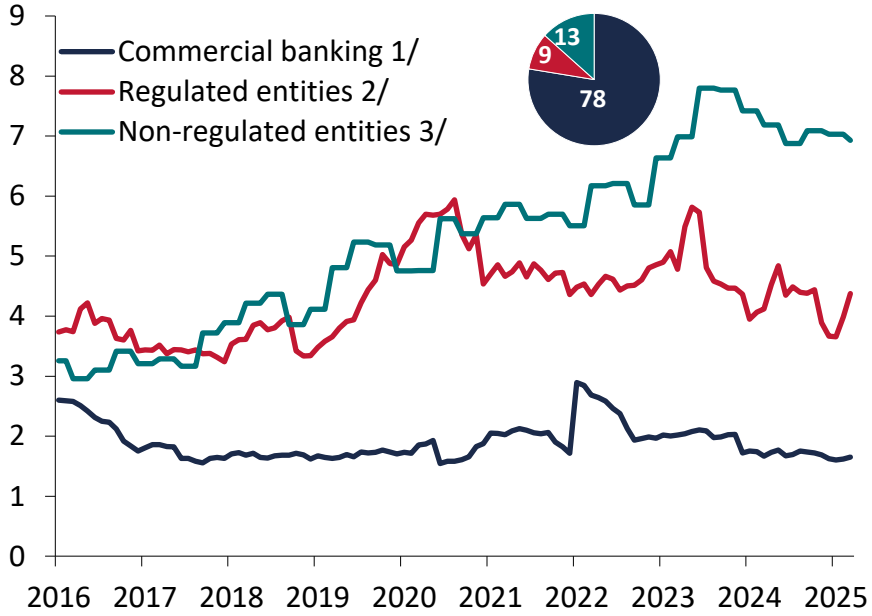
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5 Non-financial private firms' financial position

Non-performing loans granted by both commercial banks and non-bank financial intermediaries to firms decreased compared to the previous *Report*. However, the Listed Companies Vulnerability Index (IVEL) increased due to a deterioration in the indicators associated with leverage and debt service capacity, although it remains in the low vulnerability zone.

Non-performing ratio of corporate loans portfolio

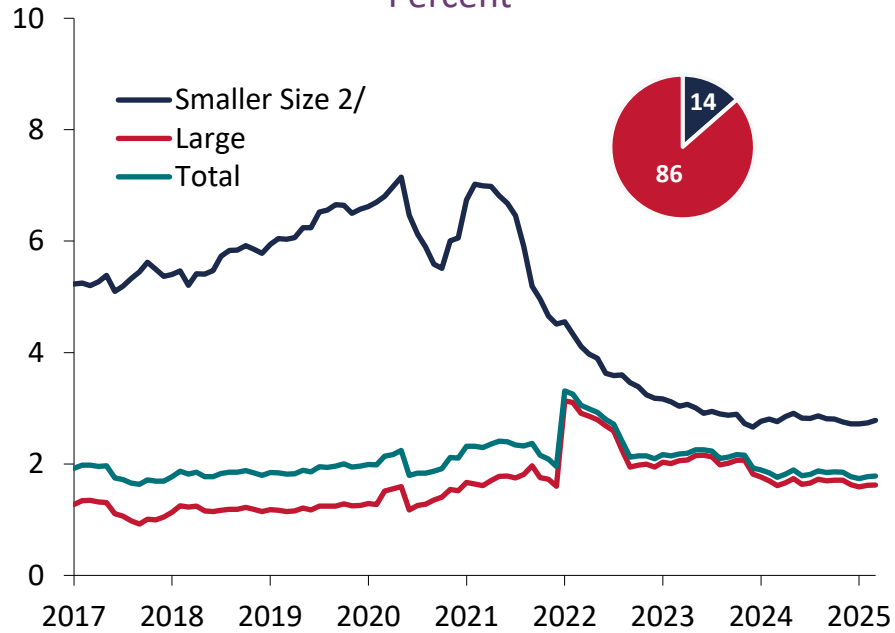
Percent



Data as of March 2025.
Source: Banco de México (SIE), CNBV, BMV and Condusef.
1/ Includes the loan portfolio of regulated sofomes that have an equity link with a bank, whether they are subsidiaries of the latter or not. 2/ Includes the loan portfolio of regulated financial entities such as socaps, sofipos, credit unions, sofomes regulated for issuing debt, bonded warehouses and development trusts (FIRA, FND, FOVI and FIFOMI). 3/ Includes the portfolio of non-regulated sofomes and that of financial companies that mainly grant credit as part of their line of business, such as financial leasing companies or some financial arms of automotive companies. A new series with preliminary data is presented, as a result of corrections made to the information repurchased by non-regulated sofomes as of Jun-23.

Non-performing loan ratio by company size[1/]

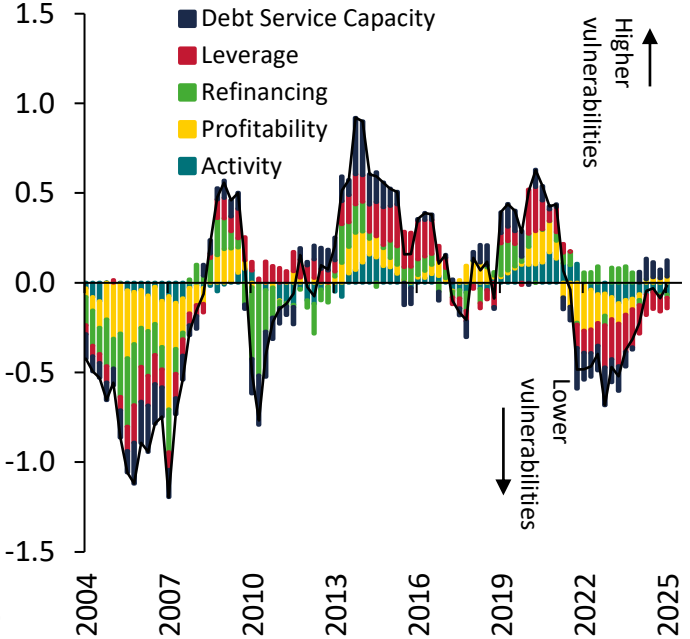
Percent



Data as of March 2025.
Source: CNBV.
1/ The pie graph shows the total portfolio percentage for each segment.
2/ Private non-financial companies not listed on the Mexican Stock Exchange with loans of less than 100 million pesos as of March 2025.

Listed Companies Vulnerability Index

Percent



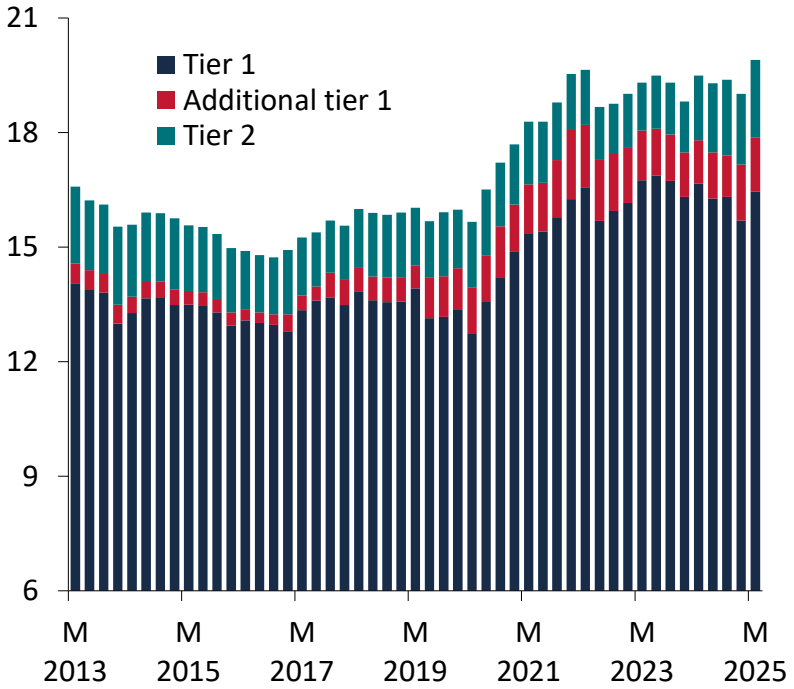
Data as of March 2025.
Source: Banco de México with Bloomberg data.

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6 Institutions: commercial banks

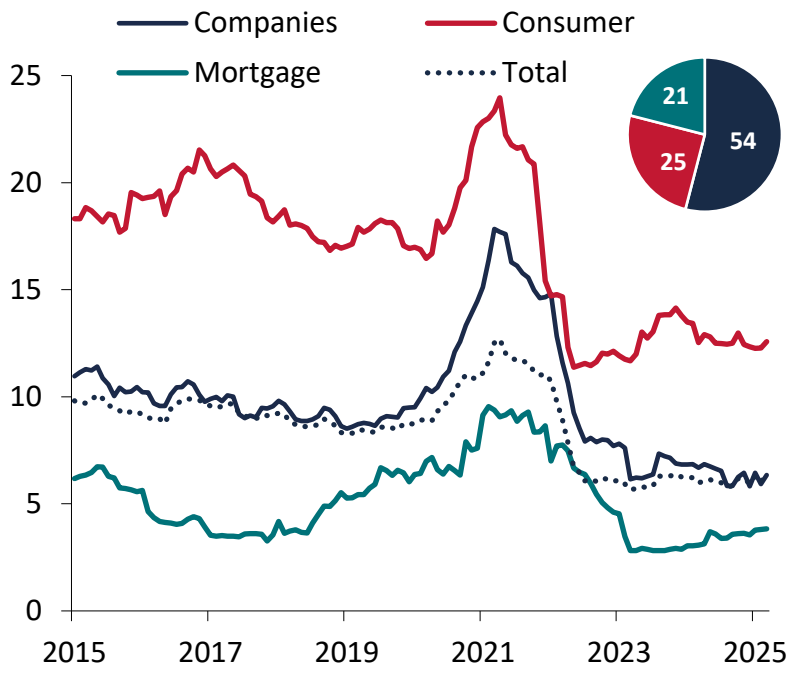
The Capital Adequacy Ratio (CAR) of commercial banks increased between September 2024 and March 2025. Meanwhile, credit risk registered an increase, while the CAR net of risk ratio rose during the period, so the ratio levels are higher than the regulatory minimum and the sector remains in a solid position to face possible unanticipated risks.

CAR integration by type of bank regulatory capital[1/]
Percent



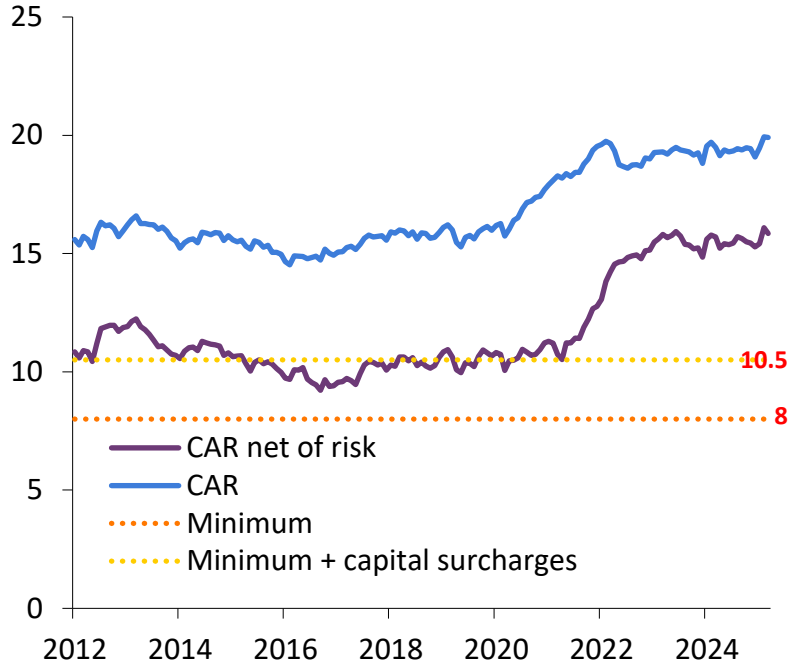
Data as of March 2025.
Source: Banco de México.
1/ The capitalization ratio is calculated as the ratio of net capital to risk-weighted assets. Net capital is the regulatory capital, and it includes Tier 1, Additional tier 1, and Tier 2 capital.

Conditional Value at Risk (CVaR) by type of portfolio[1/]
Percent of portfolio



Data as of March 2025.
Source: Banco de México, CNBV and credit bureau.
1/ Using a time horizon of one year and a confidence level of 99.9%. The pie graph shows the percentage of the total outstanding balance for each portfolio segment.

CAR net of risk[1/]
Percent



Data as of March 2025.
Source: Banco de México, CNBV and credit bureau.
1/ It is estimated as the capitalization index resulting from reducing the CVaR to a confidence level of 99.9% of both net capital and risk-weighted assets. This indicator assumes that the loan portfolio suffers losses for an amount equivalent to the CVaR at 99.9%, which the bank assumes directly, reflecting the loss in capital without affecting its reserves, and that said portfolio is weighted for purposes of determining the capital requirement at 100%.

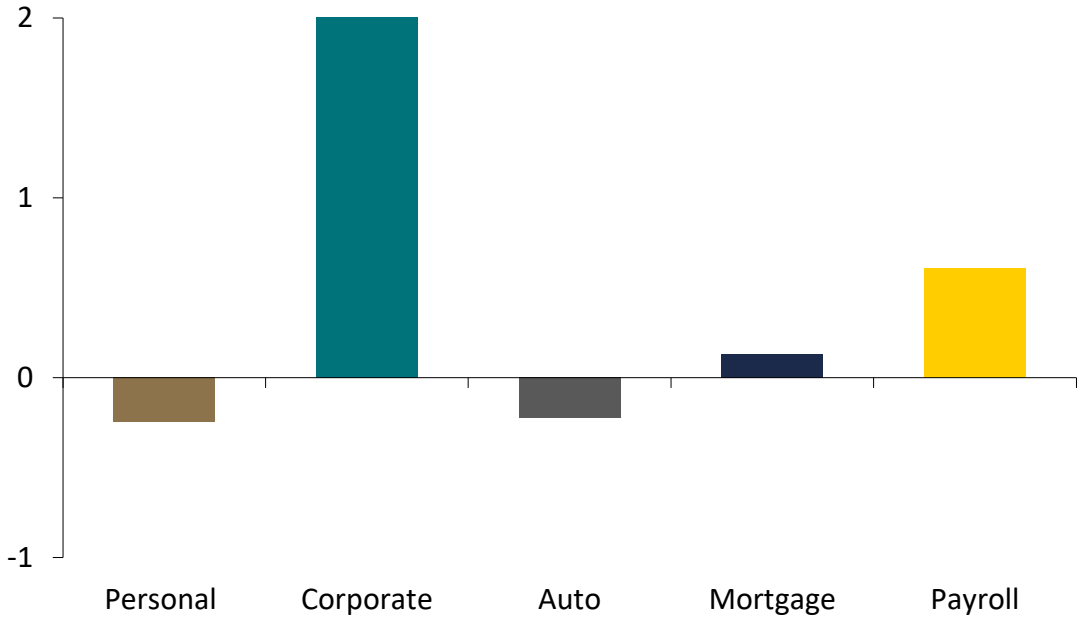
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6 Change in non-performing loan ratios and women's participation in credit

Greater participation of women in credit contributes to lower the non-performing loan ratio of a portfolio, as women are less likely to default than men when granted loans under similar financing conditions.

Change in women's participation in credit, for different portfolios[1/]

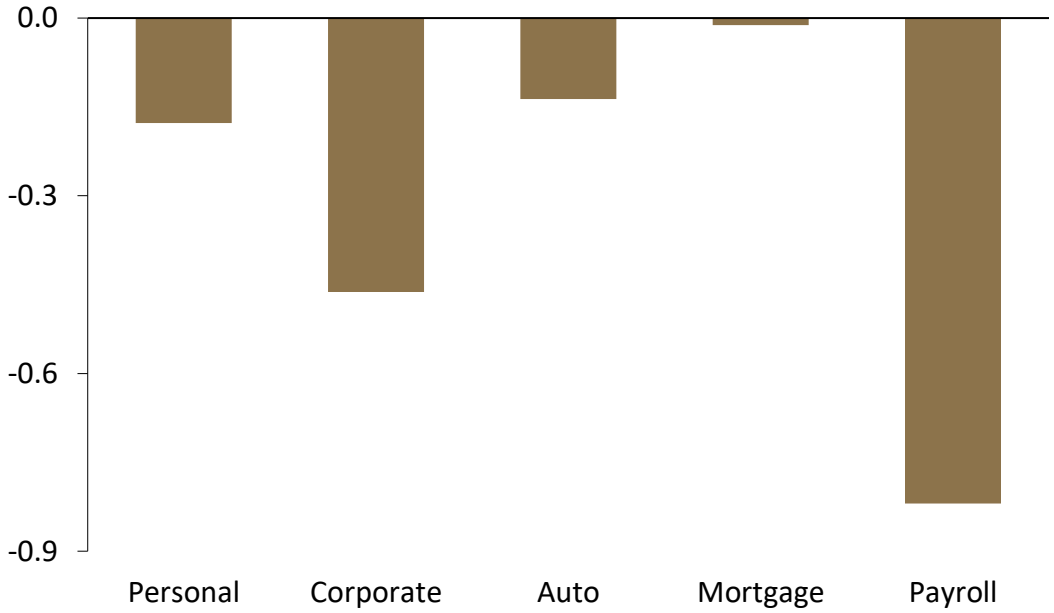
Percentage points



Data as of December 2024.
Source: Banco de México.
1/ The analysis is based on the difference in the non-performing loan ratio between December 2023 and December 2024, so the difference in the participation corresponds to the same period. A positive change implies a higher participation of women and downward pressure on the non-performing loan ratio.

Difference between the adjusted non-performing loan ratio of women and men by loan portfolio[2/]

Percentage points



Data as of December 2023.
Source: Banco de México.
2/ December 2023 is taken as the initial period of the analysis.

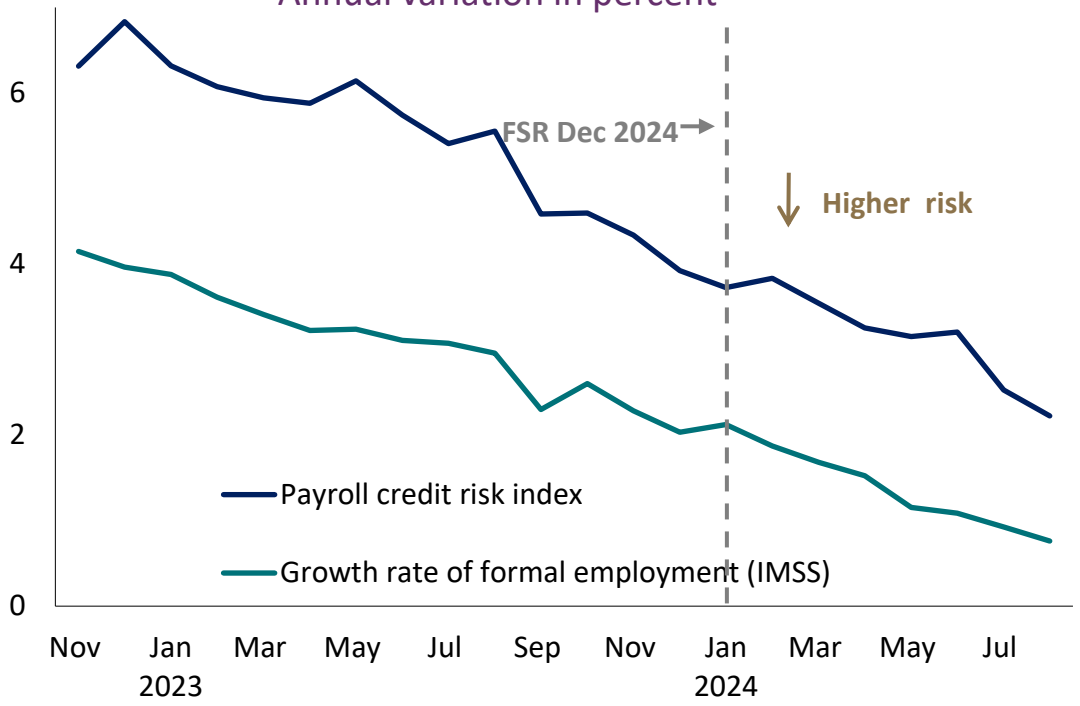
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6 Commercial banks' exposure to changes in formal employment and economic activity

Employment and economic growth dynamics may influence credit risk faced by banks.

Payroll portfolio credit risk due to changes in formal employment[1/]

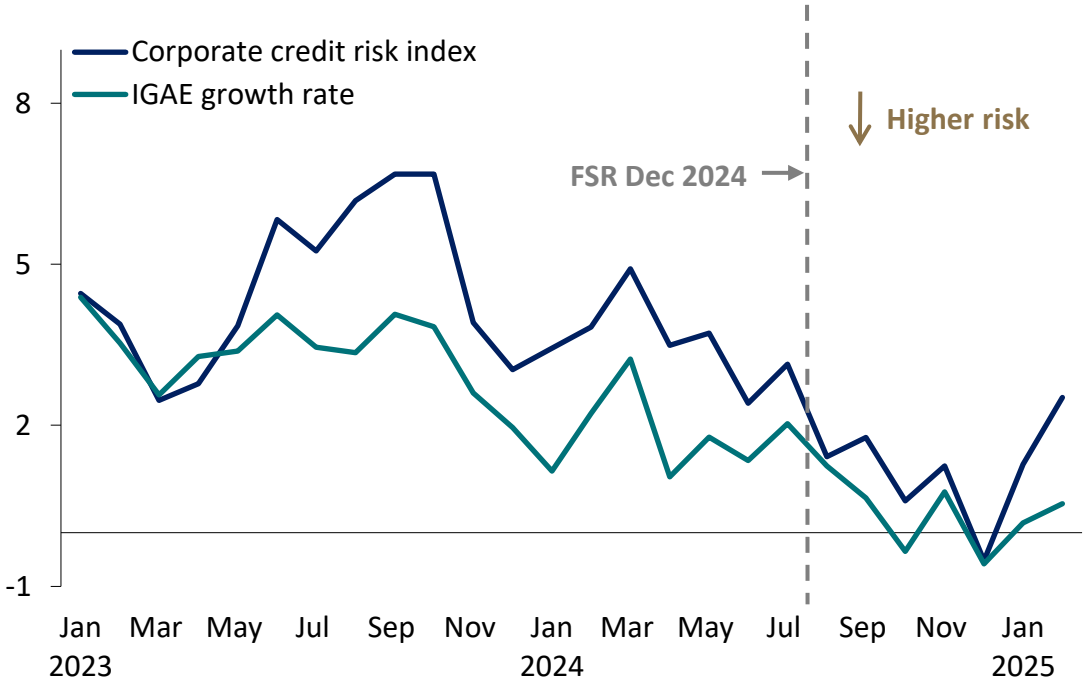
Annual variation in percent



Data as of February 2025.
Source: Banco de México and IMSS.
1/ The indicator is constructed as the weighted sum of formal employment growth in Mexico's different labor markets. The proportion of credit in each state is obtained by gender and wage level, according to the information of workers affiliated to the IMSS. The high-wage formal employment threshold is defined as the median of the historical wage distribution of borrowers.

Corporate portfolio credit risk due to changes in economic activity[1/]

Annual variation in percent



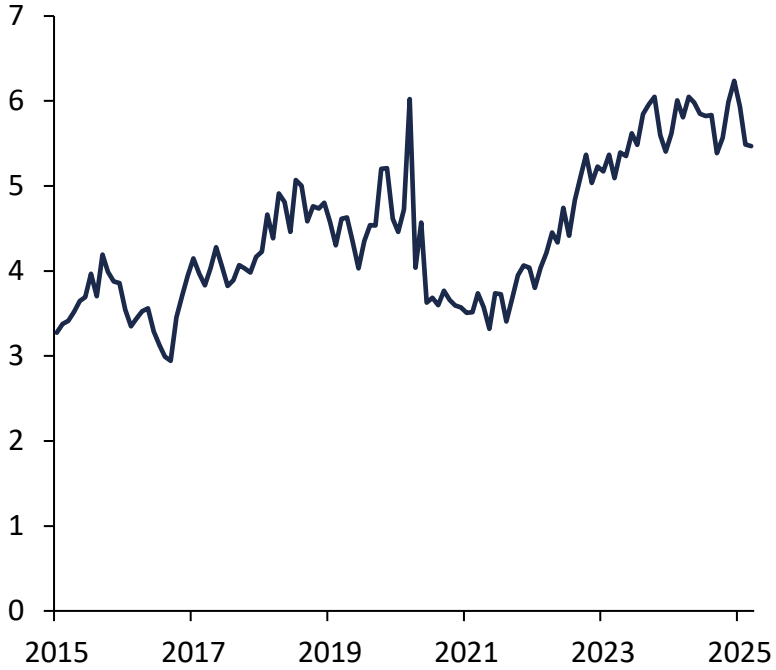
Data as of February 2025.
Source: Banco de México and INEGI.
1/ The risk indicator is constructed as the weighted average of economic growth in the different sectors. The weight received by each sector is equal to its share of corporate credit.

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7 Commercial banks: market and liquidity risks

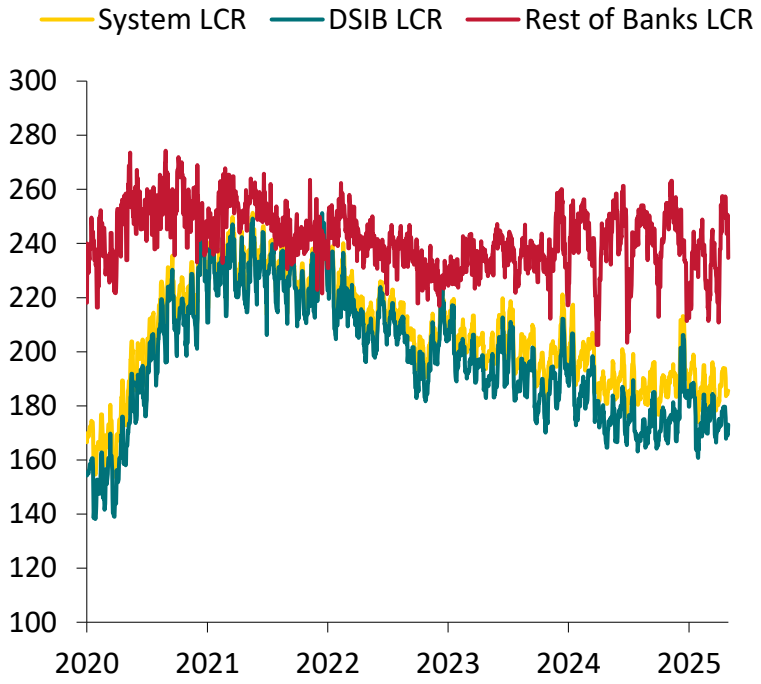
Since the previous *Report* was released, commercial banks' market risk increased slightly, while liquidity of the banking system remained ample, with indicators at levels exceeding regulatory minimums.

99.9% CVaR for commercial banks' market risk
Share of net capital (percent)



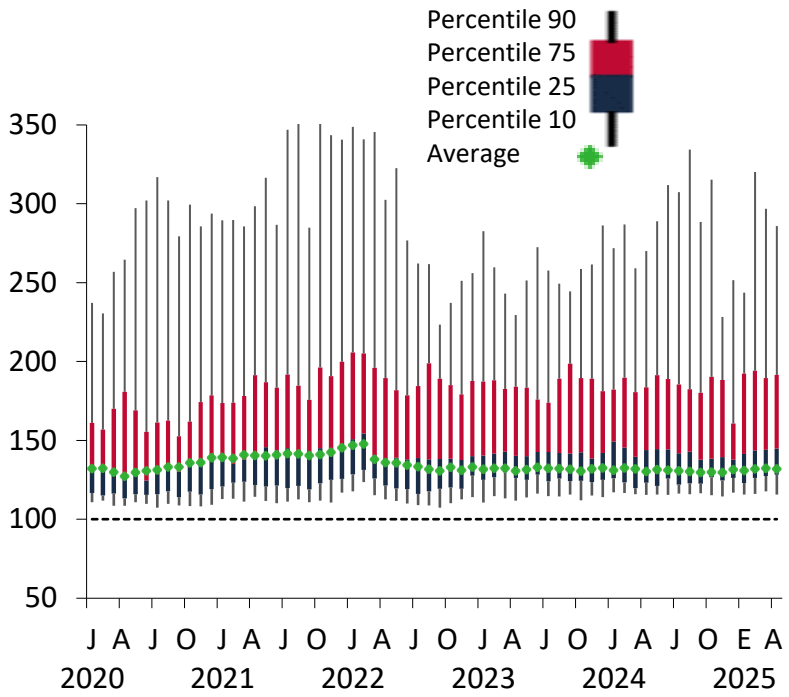
Data as of March 2025.
Source: Banco de México, CNBV, BMV, Bloomberg and Valmer.

Liquidity Coverage Ratio (LCR)[1/]
Percent



Data as of April 30, 2025.
Source: Banco de México.
1/ As of April 2025, the CNBV designated Banco Citi México as D-SIB. In the graph, Citi Mexico is classified within the D-SIBs group at all times to give continuity to the series.

Net Stable Funding Ratio (NSFR) distribution
Percent



Data as of April 2025.
Source: Banco de México.

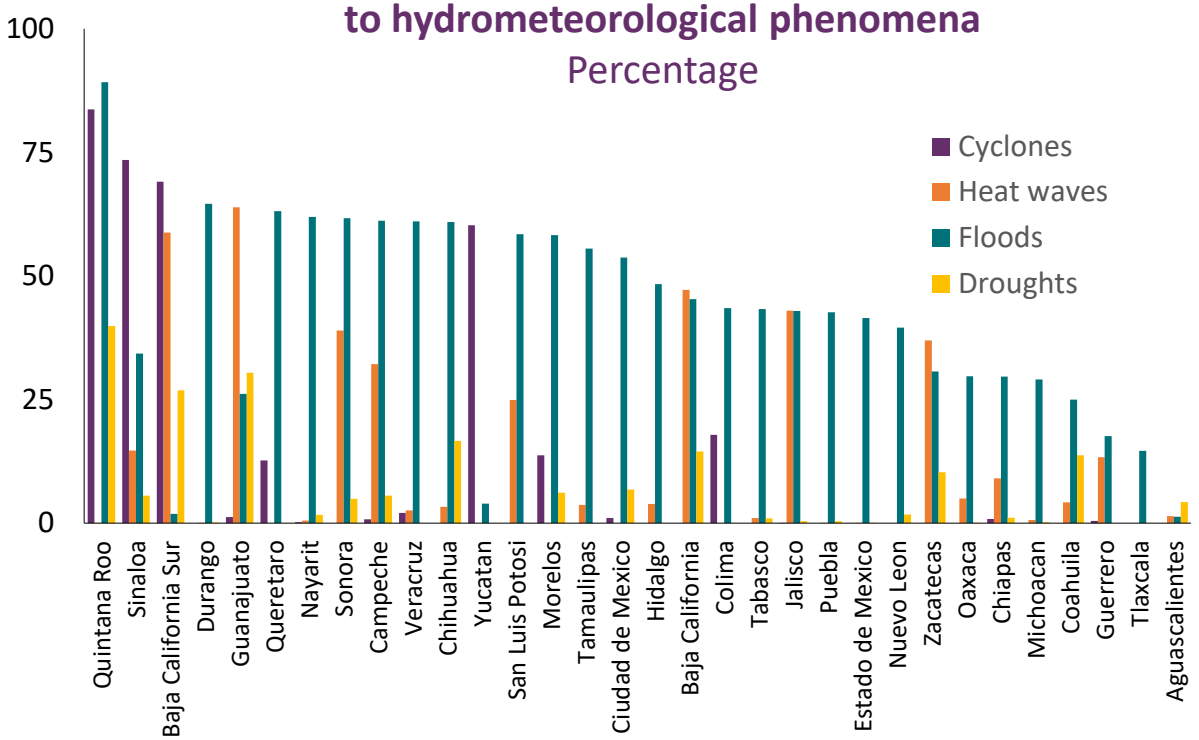
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8 Environmental risks and sustainability-related risks

The bank loan portfolio is exposed to various hydrometeorological phenomena (floods, cyclones, heat waves, and droughts). In particular, corporate loans granted to sectors at risk of materialization of hydrometeorological events are more exposed to floods and heat waves. In terms of diversification, banks with more corporate portfolios exposed to tropical cyclones are also those with more portfolios exposed to droughts and heat waves.

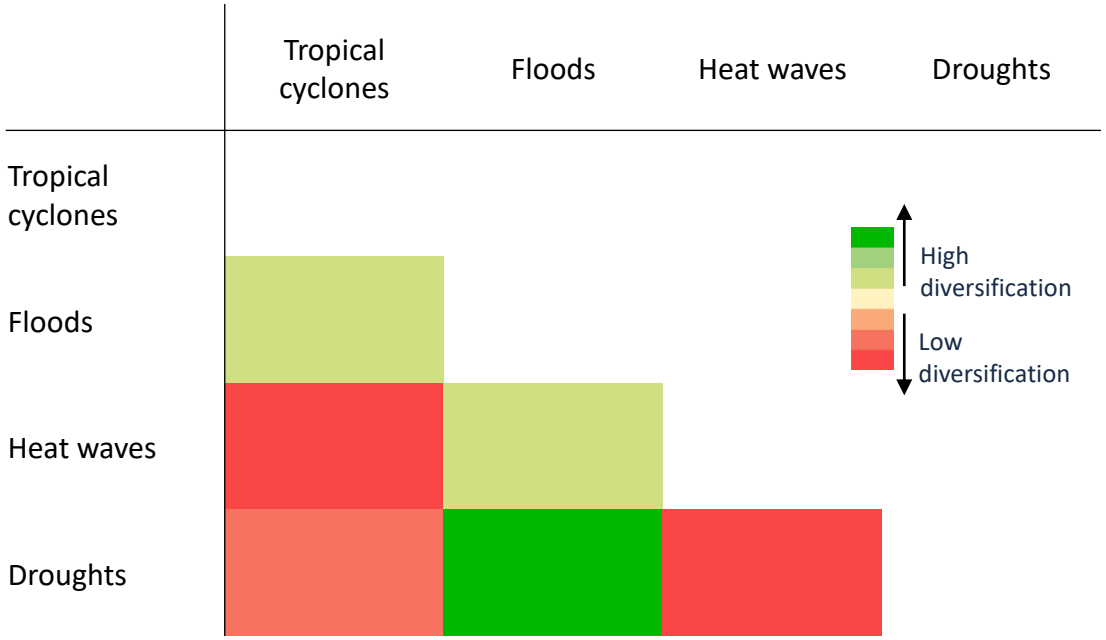
Portfolio in sectors and municipalities vulnerable to hydrometeorological phenomena

Percentage



Data as of December 2024.
Source: Banco de México, National Disaster Prevention Center (CENAPRED, for its Spanish acronym), CNBV and INEGI.

Diversification of corporate portfolios in sectors and municipalities vulnerable to different hydrometeorological events[1/]



Data as of December 2024.
Source: Banco de México, National Disaster Prevention Center (CENAPRED, for its Spanish acronym), CNBV and INEGI.

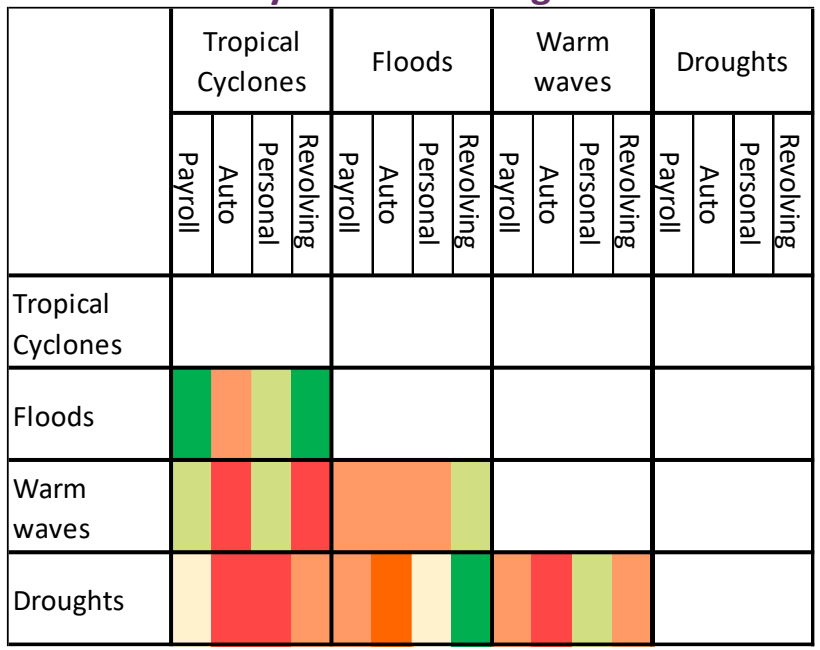
1/ Shades of green represent mitigating effects while shades of red represent amplifying factors.

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8 Environmental risks and sustainability-related risks

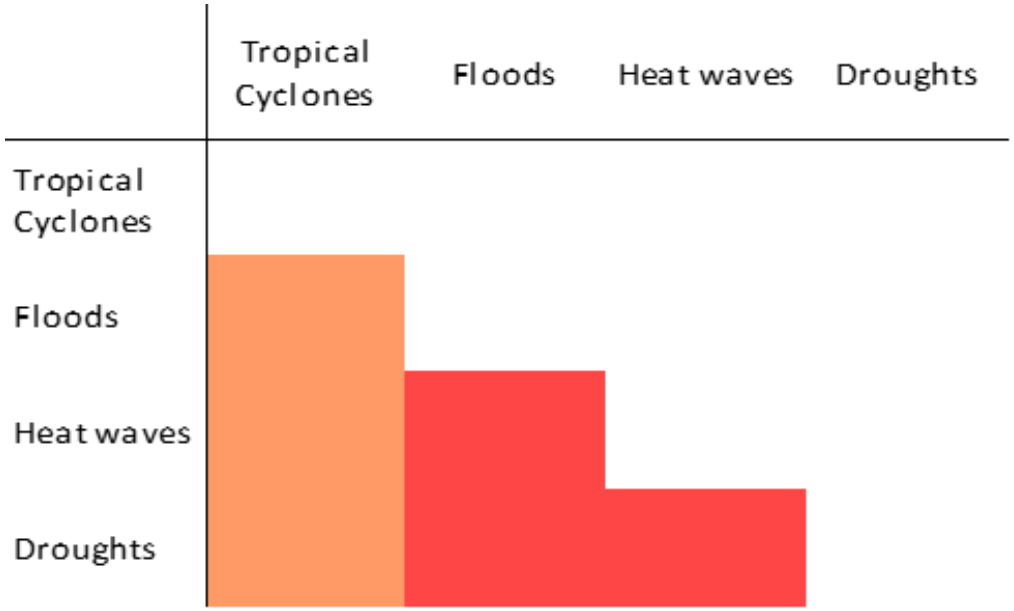
Likewise, diversification with respect to the materialization of different hydrometeorological events within a short period of time varies among bank loan portfolios, including corporate, consumer, and mortgage loans.

Diversification of consumer loan portfolio across sectors and municipalities vulnerable to different hydrometeorological events[1/]



Data as of December 2024.
Source: Banco de México, National Disaster Prevention Center (CENAPRED, by its Spanish acronym), CNBV and INEGI.

Diversification of mortgage loan portfolio in sectors and municipalities vulnerable to different hydrometeorological events[1/]



Data as of December 2024.
Source: Banco de México, National Disaster Prevention Center (CENAPRED, for its Spanish acronym), CNBV and INEGI.

1/ The colors indicate the degree of diversification of the portfolio. Red denotes lower diversification, while green denotes higher diversification. Diversification is obtained from the correlation coefficient between the proportions of each bank's consumer or housing loan portfolios that are vulnerable to different hydrometeorological events.

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8 Other risks: cybersecurity risks

Cybersecurity risks continue being relevant for the financial system, both domestically and globally. In view of this, **the Mexican financial system maintains adequate levels of cybersecurity,** and ongoing efforts are being made to strengthen its resilience.



At the end of December 2024, Banco de México published its first **Report on Cybersecurity Threats in the Mexican Financial System**, aiming to **raise awareness and promote preventive actions** against cyber risks faced by financial institutions both domestically and internationally.



Cybersecurity risks, especially those associated with the **growing and increasingly sophisticated use of AI**, remain among the major threats to the global financial system. In addition to closely monitoring the evolution and implementation of this technology in the financial system, Banco de México has incorporated AI-related risks into its institutional risk management.

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8 Other risks: risks to operating continuity

Financial markets infrastructures and payment systems have a relevant systemic importance and must therefore provide their services and operate under any conditions, at all times, and from any location.

- At the end of Q1-2025, **the SPEI availability rate was 99.998%.**
- Likewise, during the period covered by this *Report*, exercises to implement **operational continuity mechanisms among market participants continued** to ensure that all necessary components are in place to address any event that could affect the availability of both central infrastructure and market participants.

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Contents

1 Macro-financial conditions

2 Measures for the sound development of the financial system

3 Risks of the financial system

4 Stress tests

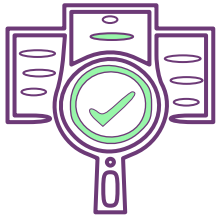
5 Final remarks

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Stress tests to commercial banks



As part of its efforts to promote the sound development of the financial system, stress tests conducted by Banco de México are simulation exercises designed **to evaluate the resilience of the Mexican banking system** under extreme adverse economic scenarios.



The scenarios considered **should not be interpreted as a forecast** of the economy's expected behavior, nor should they be associated with the probability of occurrence.



Credit, liquidity, and physical risks associated with climate change stress tests assess the resilience of the banking system against an extreme, but possible, adverse shock to determine whether banks have the capital and liquidity levels to continue performing their financial intermediation functions.

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Credit stress tests

Scenarios[1/]	*Assumptions on macro-financial variables*
A	• Extended and considerable weakening in consumption and domestic investment. • Negative impacts on employment and household income levels, as well as on the economic outlook for business. • This decline in output and income growth would generally be reflected in the banks' balance sheets.
B	• The US economy slows down and enters a recession. There is lower industrial activity and a fall in imports. • The Mexican economy shows a lower growth rate and increased volatility in financial markets, as well as in the exchange rate. There is lower demand for credit, higher unemployment rates, and an increase in loan portfolio delinquency.
C	• Impact of possible adjustments in the sovereign rating and in Pemex's rating. • High volatility in domestic financial markets, a depreciation of the exchange rate, higher risk premia and, therefore, upward pressures on interest rates. • A contraction in aggregate demand and higher unemployment. • Credit would decrease and higher levels of delinquency would be expected, negatively affecting bank revenues.

Additional assumptions:

1. ***The exercise is common to all institutions*** *and does not account for idiosyncratic issues in credit origination.*
2. ***It does not consider potential mitigation actions*** *that could be taken by the institutions involved in the exercise, as it is a counterfactual exercise of partial, rather than general, equilibrium.*

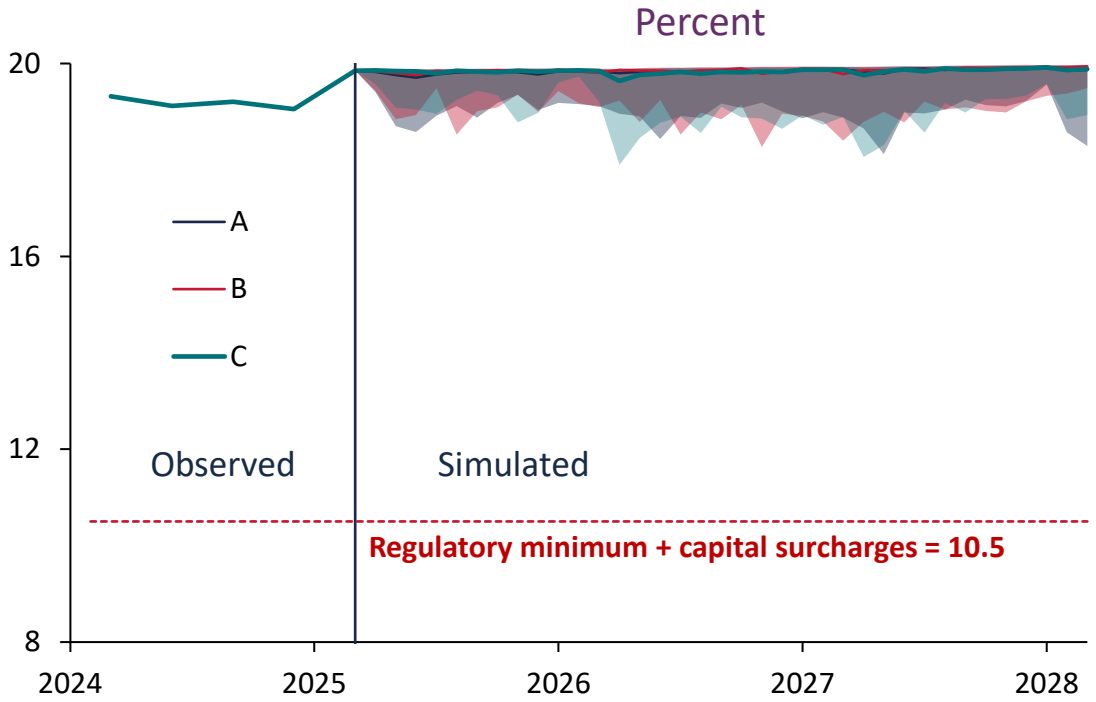
1/ For more detailed information on these scenarios, refer to the complete version of this *Report*.

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Credit stress tests

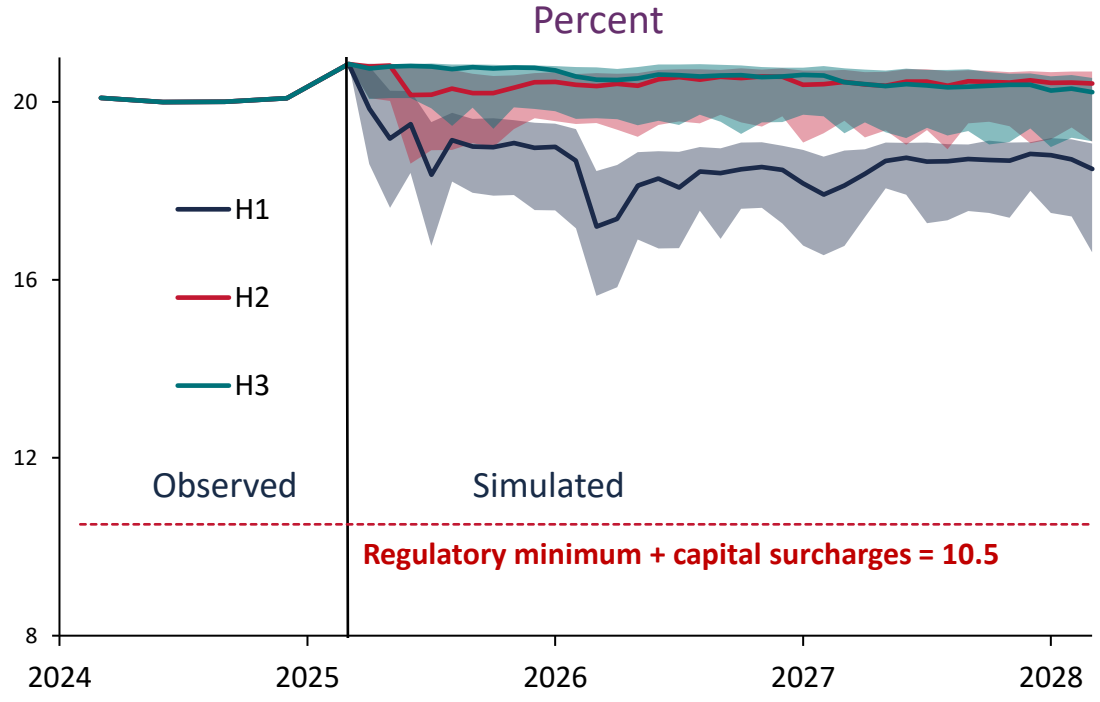
In all simulated scenarios, the results indicate that the Mexican banking system has sufficient capital levels, consistently above the regulatory minimum plus supplements. This includes the three historical scenarios analyzed, which show lower capitalization levels, but still above the regulatory threshold.

Financial System Capital Adequacy Ratio (CAR)
a) Scenarios A, B, and C



Data as of March 2025 and simulations 3 years from then.
Source: Banco de México.

Financial System Capital Adequacy Ratio (CAR)
b) Historical scenarios[1/]



Data as of March 2025 and simulations 3 years from then.
Source: Banco de México.
1/ Three historical scenarios were considered that replicate the trajectories of the main macro-financial variables during: the 1995 crisis (scenario H1), the 2008 global financial crisis (scenario H2), and the economic crisis derived from COVID-19 (scenario H3).

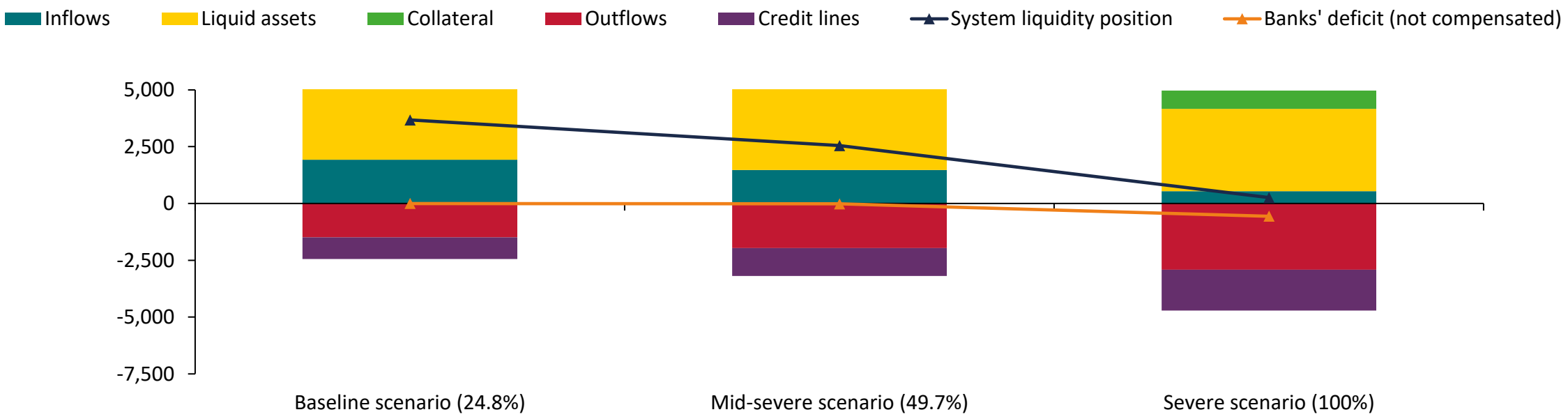
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Liquidity stress tests

Banks' current strong liquidity position would enable them to withstand stress events greater than those experienced in the past and those required by international liquidity standards.

Liquidity stress scenarios over 90-day periods[1/]

Billion pesos



Data as of April 30, 2025.

Source: Banco de México. 1/ In the severe scenario (100% severity), a write-off (discount factor) to liquid assets of around 4% is considered. Repurchase transactions have a lower rollover of 45% and a write-off for released collateral equal to that of liquid assets is assumed. Inflows from the portfolio are not considered (discount factor of 100%). Wholesale deposits (demand and term) have an outflow factor of 20%, retail deposits (demand and term) have an outflow factor of 10%. Contingent outflows due to the exercise of credit lines and liquidity have an outflow factor of 40%. The base and medium scenarios correspond to a severity of 24.8% and 49.7% with respect to the severe scenario. The medium scenario considers an aggregate outflow similar in magnitude to the outflow calculated under the LCR (see Box 9 "Methodologies for cash flow-based stress tests" of the Financial Stability Report, December 2022).

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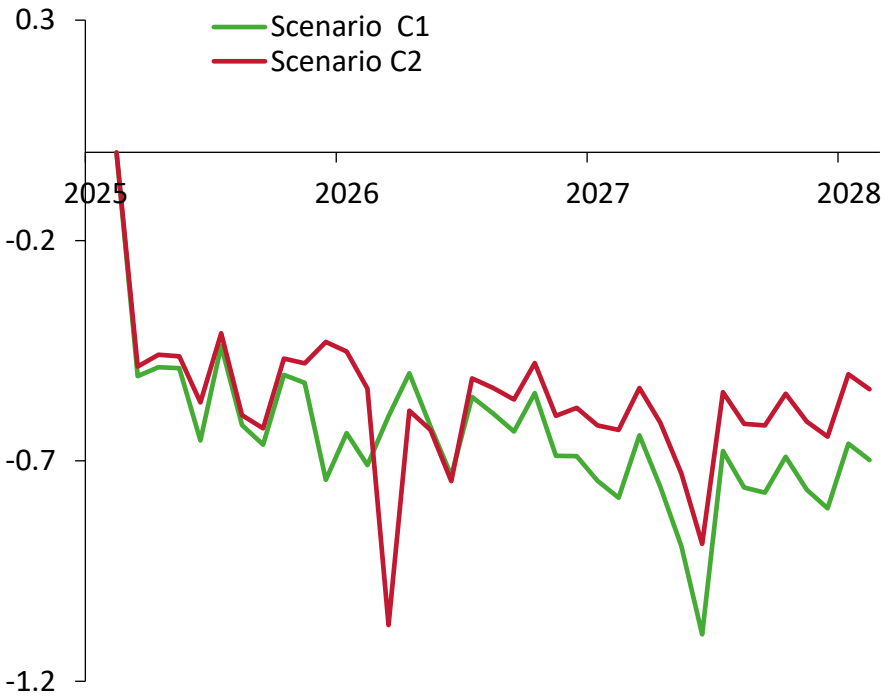
Climatic stress tests

- **The purpose** of these tests is to **assess the resilience of the banking system** to a severe but plausible adverse climate-related shock triggered by extreme hydrometeorological events.
- The **methodology** assumes that events similar to recent ones repeat and occur simultaneously.
- The exercise consists of **three parts**:

1. Identifying the **characteristics of the climate-related shock** that could affect the banking system.
2. **Estimating direct losses and,** by calculating the possible effect of the shock on the main macro-financial variables, **estimating potential losses** using the stress test methodology.
3. Assessing the **impact on the CAR** under two adverse scenarios: **Scenario C1:** a 1% GDP fall, with a decrease on the CAR of 0.70 percentage points. **Scenario C2:** a 2% GDP fall, with a decrease on the CAR of 0.54 percentage points.

Results: Capital adequacy ratio of the system with respect to the baseline scenario

Percentage points



Data as of March 2025 and data at the end of the stress horizon.
Source: Banco de México.

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Final remarks

1. As of the first half of 2025, the **Mexican financial system** remains **solid and resilient**, with capital and liquidity levels exceeding regulatory minimums, despite geopolitical risks and economic policy uncertainty impacting investor sentiment globally.

2. The **stress tests** conducted on the Mexican banking system indicate that, in aggregate, it has **sufficient capital and liquidity levels** to withstand adverse scenarios, including those considered in the stress tests.

3. At the aggregate level, in the commercial banking system as a whole, credit and market risks increased slightly, while **liquidity and contagion risks remained limited**.

4. Banco de México will continue to monitor the **evolution of** Mexico's **financial markets** and, if necessary, take the actions required in the exercise of its powers.

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Boxes

1. Social assistance and credit delinquency rates among the most vulnerable borrowers
2. Secondary regulation applicable to simplified securities issuers
3. Implementation of the Total Loss-Absorbing Capacity (TLAC) requirements in Mexico
4. Trade policy uncertainty and the Financial Markets Stress Index
5. Determinants of default in revolving consumer loans
6. What factors determine the differences in financing conditions between women and men?
7. Carbon markets
8. The use of Artificial Intelligence in central banks: risks, benefits and opportunities

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