

# Earnings Release

2024Y

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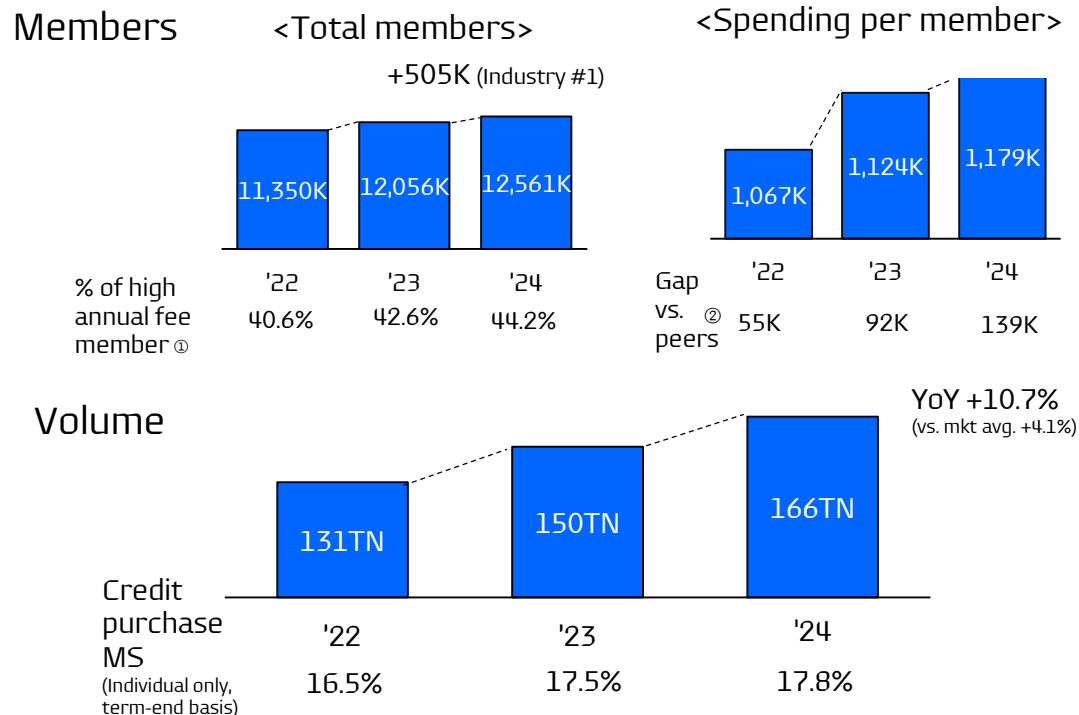
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# Outperformed in credit purchase compared to market from increased net addition & spending per member, and prime-centric growth in financial assets

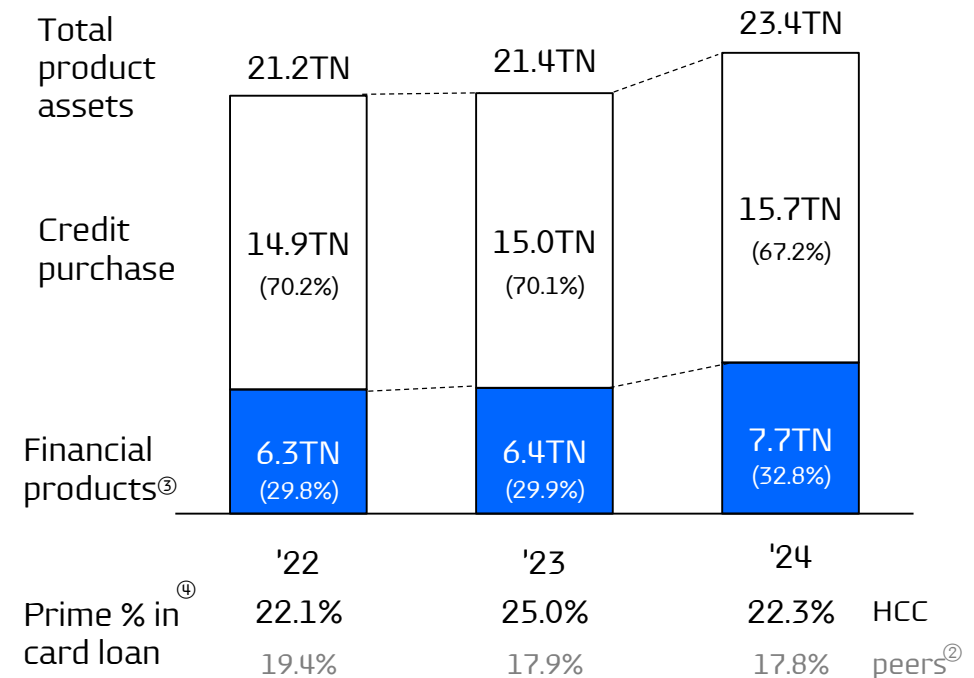
## Members & volume

- #1 in member net increase based on product competitiveness (Architect of Change)
- Increased high-annual fee member and widened gap of spending per member vs. peers



## Assets

- Growth of financial assets after preemptive contingency actions in end of '22.
- Sustainable growth with a focus on prime-centric financial assets



# Improved YoY profitability through increased operating income based on solid assets growth

## Summary of financial statements

(unit: KRW BN)	2022	2023	2024	YoY
Product assets	21.2TN	21.4TN	23.4TN	+9.5%
Operating revenue <sup>①</sup>	2,778.1	3,059.0	3,494.8	<sup>1</sup> +14.2%
Card income	1,310.8	1,631.2	1,753.4	+7.5%
Interest income	1,277.2	1,249.8	1,502.3	+20.2%
Operating expense <sup>②</sup>	2,462.8	2,708.9	3,088.7	+14.0%
Card expense	805.0	921.3	1,021.2	+10.8%
Interest expense	403.7	568.2	716.6	<sup>2</sup> +26.1%
Bad debt expense	391.8	369.6	429.9	<sup>3</sup> +16.3%
SG&A	768.9	779.7	825.3	+5.8%
Operating income	315.3	350.1	406.1	+16.0%
IBT	330.1	350.8	401.2	+14.4%
Net income	254.0	265.1	316.4	+19.4%
ROA <sup>③</sup>	1.26%	1.32%	1.43%	0.11%p

## Key notes

- Higher than market credit purchase volume and increased interest income due to growth in financial assets resulted in revenue expansion
  - Credit purchase growth rate: Industry 4.3% vs HCC 9.5%
- Interest expense increased due to the impact of high interest rates
  - Due to the impact of lower new borrowing rates, interest expense is expected to stabilize downward
- Despite higher provisions from growth of financial assets, bad debt expense rate closed at the same level as normal-times ('22)
  - Bad debt expense rate  
: '22 1.95% → '23 1.84% → '24 1.94%

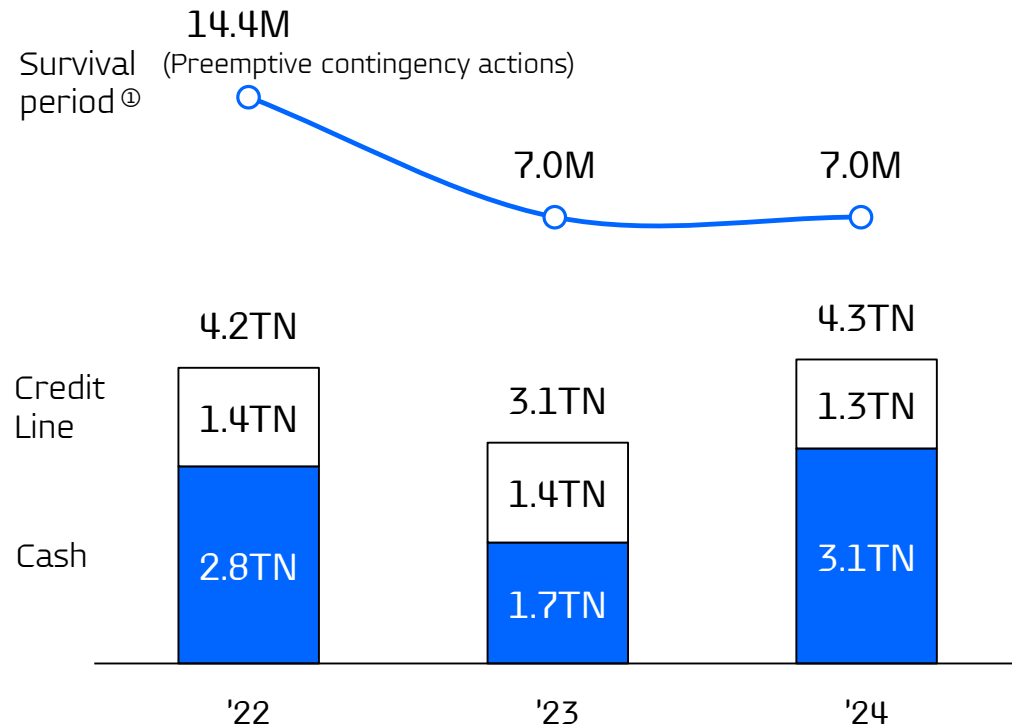
①, ② Gain on disposal of loan receivables reflected in bad debt expense. FX and derivatives effect reflected in operating revenue · expense after offsetting revenue · expense ('22Y revenue +10.6BN, '23Y +20.9BN '24Y +39.1BN)

③ Net income/average balance of product assets ④ Bad debt expense/average balance of product assets

# Stable financial quality

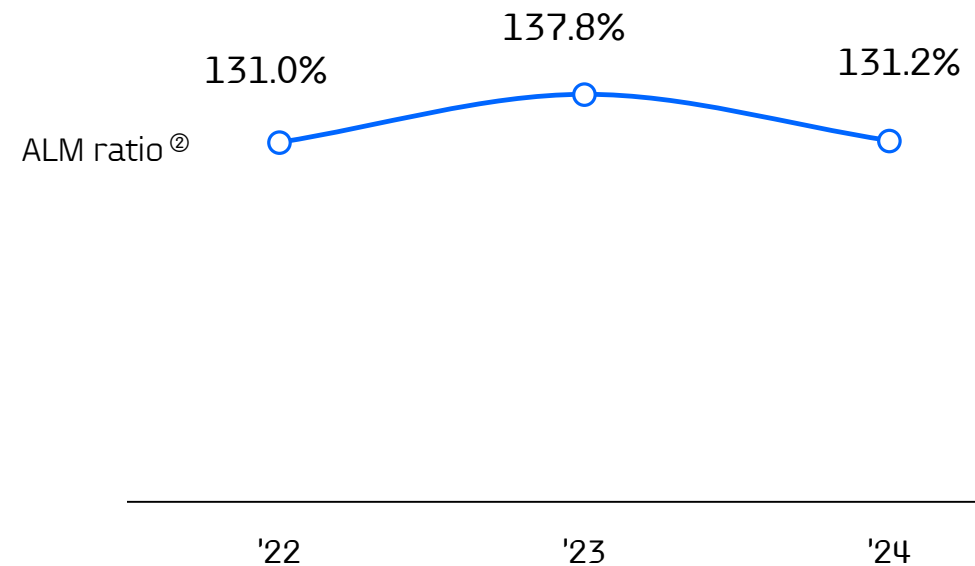
## Liquidity

- Securing at least 7M survival period in normal times



## Maturity

- Stable funding with at least 130% ALM ratio

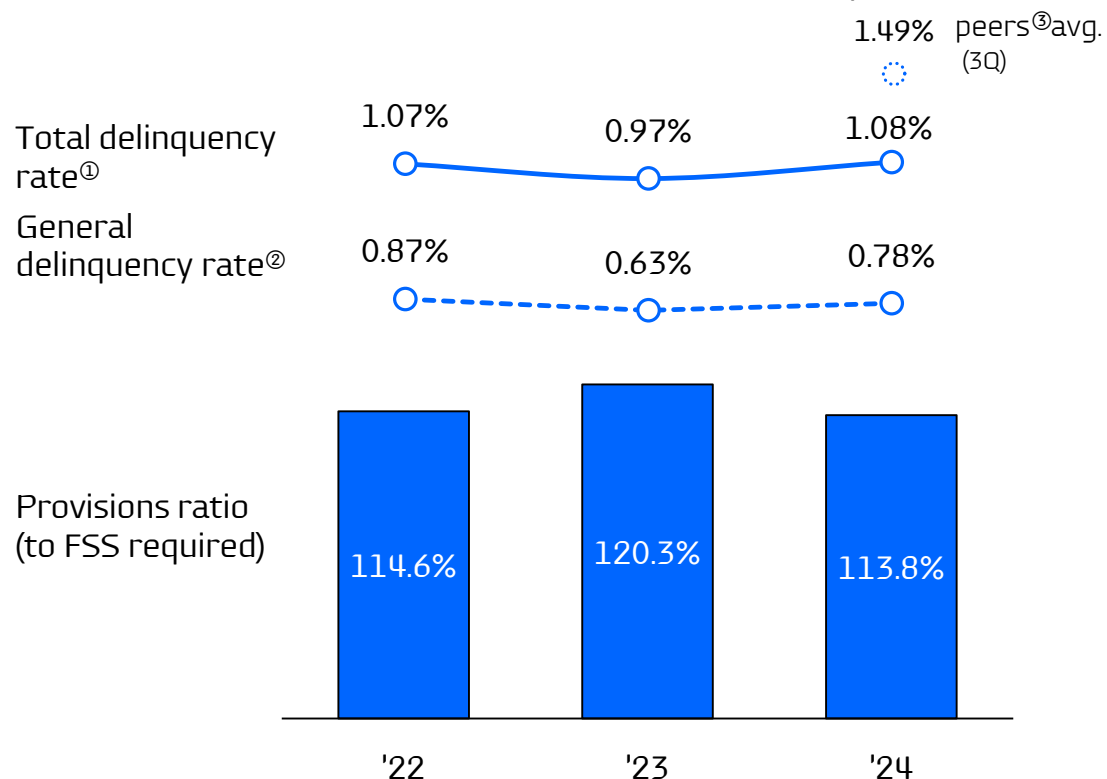


① When funding is impossible, period possible to conduct normal business and redemption with cash & credit line in hand    ② Ratio of average maturity of borrowings over average maturity of financial assets

# Stable financial quality

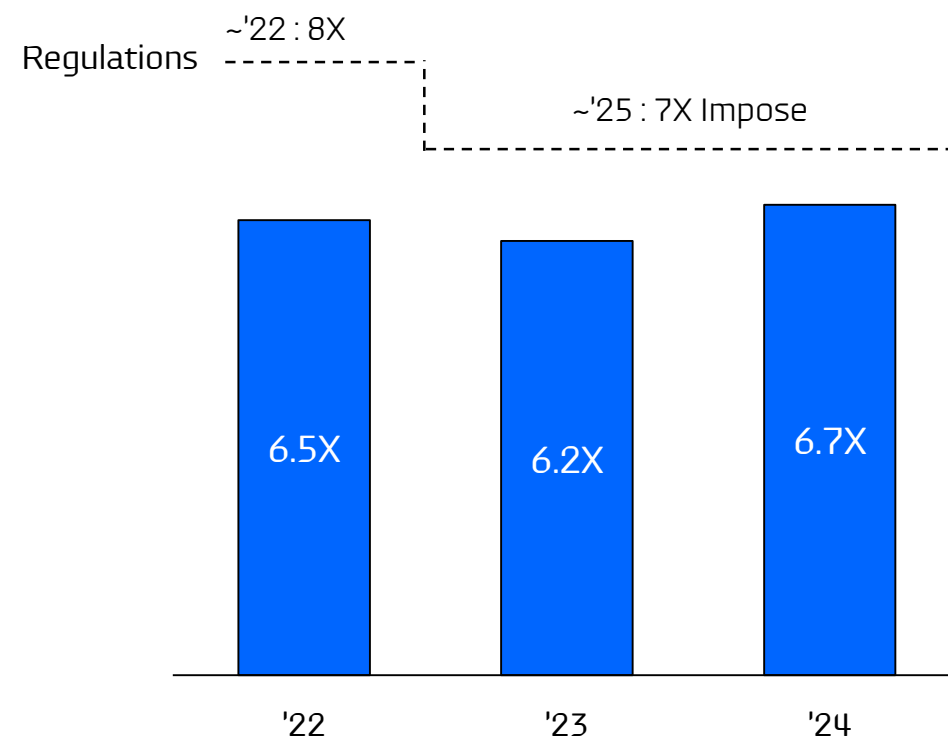
## Asset quality

- Despite financial assets growth, delinquency rate rise is limited and maintained at lowest in industry



## Capital adequacy (leverage)

- Stable management within regulations<sup>④</sup>



① (Receivables overdue at least 1M + restructuring loans without improved repayment ability) / total receivables ② Receivables overdue at least 1M / total receivables ③ Average of Card issuers with domestic credit Ratings AA+ or higher ④ Card issuers regulated at 8X (7X, dividend payout ratio ≥ 30%)

# Financial Statement

## Consolidated statement of income

(KRW BN)	2022	2023	2024
<b>Operating revenue<sup>①</sup></b>	<b>2,778.1</b>	<b>3,059.0</b>	<b>3,494.8</b>
Card income	1,310.8	1,631.2	1,753.4
Interest income	1,277.2	1,249.8	1,502.3
Gain on valuation and disposal of financial assets	12.9	19.6	13.0
Other	177.2	158.4	226.1
<b>Operating expense<sup>②</sup></b>	<b>2,462.8</b>	<b>2,708.9</b>	<b>3,088.7</b>
Card expense	805.0	921.3	1,021.2
Interest expense	403.7	568.2	716.6
Bad debt expense	391.8	369.6	429.9
SG&A	768.9	779.7	825.3
Other	93.4	70.1	95.7
<b>Operating income</b>	<b>315.3</b>	<b>350.1</b>	<b>406.1</b>
<b>IBT</b>	<b>330.1</b>	<b>350.8</b>	<b>401.2</b>
<b>Net income</b>	<b>254.0</b>	<b>265.1</b>	<b>316.4</b>

## Consolidated statement of financial position

(KRW BN)	2022	2023	2024
<b>Assets</b>	<b>25,102.4</b>	<b>23,937.2</b>	<b>27,389.7</b>
Cash and deposits	2,364.5	1,126.8	2,021.9
Securities	488.0	684.3	1,151.7
Card assets <sup>③</sup>	20,605.1	20,763.6	22,661.5
Tangible assets	379.9	632.3	626.6
Other	1,264.9	730.2	928.1
<b>Liabilities</b>	<b>21,256.8</b>	<b>20,106.8</b>	<b>23,296.1</b>
Borrowings	18,228.4	16,817.4	20,145.2
Other	3,028.4	3,289.4	3,150.9
<b>Equity</b>	<b>3,845.6</b>	<b>3,830.5</b>	<b>4,093.6</b>
Capital	802.3	802.3	802.3
Capital surplus	57.7	57.7	57.7
Hybrid securities	299.2	159.6	299.2
Retained earnings	2,613.2	2,805.6	2,969.9
Other <sup>④</sup>	73.1	5.3	-35.6

①, ② Gain on disposal of loan receivables reflected in bad debt expense. FX and derivatives effect reflected in operating revenue · expense after offsetting revenue · expense ('22Y revenue +10.6BN, '23Y +20.9BN '24Y +39.1BN)

③ Includes loan receivables ④ Includes capital adjustment

## Key Figure

(KRW BN)		2022	2023	2024
<b>Total members</b>		<b>11,352K</b>	<b>12,056K</b>	<b>12,561K</b>
	Net member increase	866K	704K	505K
<b>Volume</b>		<b>142,782.7</b>	<b>160,167.3</b>	<b>179,925.8</b>
	Credit purchase	131,377.5	150,202.6	166,340.6
	Lump sum	107,488.5	126,469.7	142,302.1
	Installment	23,889.0	23,732.9	24,038.5
	Financial products	11,405.2	9,964.7	13,585.2
	Cash advance	5,128.4	4,499.3	6,670.3
	Card loan <sup>①</sup>	6,276.8	5,465.4	6,914.9
<b>Product assets</b>		<b>21,248.6</b>	<b>21,378.2</b>	<b>23,405.8</b>
	Credit purchase	14,908.5	14,981.0	15,735.7
	Lump sum <sup>②</sup>	7,609.6	8,429.8	9,120.6
	Installment	7,299.0	6,551.2	6,615.1
	Financial products	6,340.1	6,397.2	7,670.0
	Cash advance <sup>③</sup>	437.2	592.6	779.9
	Card loan <sup>④</sup>	4,608.2	4,792.1	5,791.7
	Revolving	1,294.7	1,012.5	1,098.5

(KRW BN)		2022	2023	2024
<b>Quality</b>	Total delinquency % <sup>⑤</sup>	1.07%	0.97%	1.08%
	Substandard and below assets ratio	0.69%	0.66%	0.70%
	Provisions ratio (to FSS required)	114.6%	120.3%	113.8%
<b>Leverage<sup>⑥</sup></b>		<b>6.5X</b>	<b>6.2X</b>	<b>6.7X</b>
	Total assets	25,003.4	23,883.0	27,152.3
	Total capital (previous quarter)	3,822.5	3,859.7	4,077.8
<b>Funding<sup>⑦</sup></b>		<b>18,219.1</b>	<b>16,944.2</b>	<b>19,964.2</b>
	Domestic funding	16,338.9	15,397.2	17,285.6
	Offshore funding	1,880.2	1,547.0	2,678.6
<b>Liquidity<sup>⑧</sup></b>	ALM	<b>131.0%</b>	<b>137.8%</b>	<b>131.2%</b>
	Liabilities maturity	2.1Y	2.2Y	2.1Y
	Assets maturity	1.6Y	1.6Y	1.6Y
	Total liquidity	<b>4,198.5</b>	<b>3,136.2</b>	<b>4,314.2</b>
	Cash	2,796.8	1,714.5	3,051.6
	Credit line	1,401.7	1,421.7	1,262.6

①, ④ Includes restructuring ② Includes revolving payment non-carried forward balance ③ Includes revolving loan non-carried forward balance ⑤ (Receivables overdue at least 1M + amount of restructuring loans without improved repayment ability) / total receivables ⑥ Based on non-consolidated financial statements ⑦, ⑧ Managerial accounting basis