

HYUNDAI CARD CO., LTD. AND SUBSIDIARIES

**Consolidated Interim Financial Statements
March 31, 2024 and 2023**

(Unaudited)

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report
(Based on a report originally issued in Korean)

To the Board of Directors and Shareholders of
Hyundai Card Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Card Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of March 31, 2024, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023 and notes, comprising a summary of material accounting policy information and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 '*Interim Financial Reporting*', and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 '*Interim Financial Reporting*'.

Other matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 8, 2024, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2023, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 13, 2024

This report is effective as of May 13, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
March 31, 2024 and December 31, 2023

(In Korean won)		Notes	March 31, 2024 (Unaudited)	December 31, 2023
Assets				
Cash and cash equivalents	5,27,32,33	₩	2,357,943,938,123	₩ 1,049,247,085,470
Deposits	5,27,32,33		89,218,000,000	77,577,698,628
Financial assets at fair value through profit or loss	6,32,33		970,853,095,454	674,898,536,094
Financial assets at fair value through other comprehensive income	6,32,33		10,576,733,126	9,358,693,684
Investments in associates	6		676,000,493	57,733,835
Derivative assets	16,31,32,33		83,491,959,060	49,291,588,900
Financial assets at amortized cost	7,29,30,32,33		20,969,530,949,815	20,763,584,348,505
Property and equipment	8,29		633,176,978,188	632,325,285,378
Intangible assets	9,29		134,289,693,686	132,008,880,775
Right-of-use assets	10		27,014,472,381	26,807,734,457
Net defined benefit assets	13		8,101,660,110	10,618,805,142
Deferred tax assets	26		135,524,375,483	130,801,641,542
Other assets	11,32,33		366,464,198,770	380,661,892,861
Total assets		₩	25,786,862,054,689	₩ 23,937,239,925,271
Liabilities				
Borrowings	12,28,32,33	₩	3,511,141,691,384	₩ 3,283,282,178,841
Debentures	12,28,32,33		15,132,633,084,945	13,534,091,181,316
Derivative liabilities	16,31,32,33		12,932,159,417	56,563,004,126
Lease liabilities	10,29,32,33		26,107,946,124	25,996,342,907
Current tax liabilities	26		42,851,623,626	29,927,342,869
Net defined benefit liabilities	13		5,175,708,272	5,191,554,848
Provisions	14		177,087,216,665	167,228,036,741
Other liabilities	15,29,32,33		2,970,002,480,745	3,004,488,261,480
Total liabilities			21,877,931,911,178	20,106,767,903,128
Equity				
Share capital	1,17		802,326,430,000	802,326,430,000
Reserves			57,704,443,955	57,704,443,955
Capital adjustment			-	(760,020,000)
Hybrid securities	17		299,229,940,000	159,590,030,000
Accumulated other comprehensive income	19		17,315,962,969	6,054,151,814
Retained earnings	18,20		2,732,353,366,587	2,805,556,986,374
Total equity			3,908,930,143,511	3,830,472,022,143
Total liabilities and equity		₩	25,786,862,054,689	₩ 23,937,239,925,271

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month Periods Ended March 31, 2024 and 2023

(In Korean won)

	Notes	2024	2023
		(Unaudited)	(Unaudited)
Operating income			
Card income	21,29,32	₩ 411,164,266,364	₩ 353,493,650,475
Interest income	22,32	351,801,448,266	317,252,249,881
Gain on valuation and disposal of securities	32	3,372,912,075	7,693,798,542
Dividend income		-	20,036
Reversal of credit loss allowance	14	-	2,826,880,196
Other operating income	23,29,32	178,867,665,832	103,087,626,748
		<u>945,206,292,537</u>	<u>784,354,225,878</u>
Operating expenses			
Card expenses	21,29,32	245,622,208,438	217,363,956,883
Interest expenses	22,32	170,123,457,444	132,567,910,947
Selling and administrative expenses	13,24,29	209,740,496,801	192,187,835,616
Securitization expenses		832,822,783	1,054,278,979
Provision for credit loss allowance	7,11,14,32	139,239,894,632	65,692,287,843
Loss on valuation and disposal of securities		4,121,238,123	1,974,936,716
Other operating expenses	23,29,32	93,227,254,762	77,843,460,539
		<u>862,907,372,983</u>	<u>688,684,667,523</u>
Operating profit		<u>82,298,919,554</u>	<u>95,669,558,355</u>
Non-operating income	25	934,700,466	450,251,257
Non-operating expenses	25	208,758,785	195,980,643
Profit before income tax expense		<u>83,024,861,235</u>	<u>95,923,828,969</u>
Income tax expense	26	19,232,399,269	25,159,710,713
Profit for the period	18,34	<u>63,792,461,966</u>	<u>70,764,118,256</u>
Other comprehensive income (loss)	19		
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities		391,364,519	(2,969,367,287)
Gain on valuation of financial assets at fair value through other comprehensive income		9,629,769	9,855,931
Gain on overseas operations translation		12,057,438	-
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedges		10,848,759,429	(36,703,480,018)
		<u>11,261,811,155</u>	<u>(39,662,991,374)</u>
Total comprehensive income for the period		<u>₩ 75,054,273,121</u>	<u>₩ 31,101,126,882</u>
Earnings per share	34		
Basic earnings per share		₩ 375	₩ 419
Diluted earnings per share		375	419

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Three-Month Periods Ended March 31, 2024 and 2023

	Reserves												Accumulated	
(In Korean won)	Share capital	Share premium	Other reserves	Capital adjustment	Hybrid securities	other comprehensive income	Retained earnings	Total						
Balance at January 1, 2023	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ -	₩ 299,239,980,000	₩ 73,135,836,962	₩ 2,613,156,202,165	₩ 3,845,562,893,082						
Changes in equity														
Total comprehensive income														
Profit for the period	-	-	-	-	-	-	70,764,118,256	70,764,118,256						
Other comprehensive income(loss)														
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(2,969,367,287)	-	(2,969,367,287)						
Cash flow hedges	-	-	-	-	-	(36,703,480,018)	-	(36,703,480,018)						
Gain on valuation of financial assets at fair value though other comprehensive income	-	-	-	-	-	9,855,931	-	9,855,931						
Transactions with shareholders														
Dividends paid	-	-	-	-	-	-	(60,976,808,680)	(60,976,808,680)						
Dividends on hybrid securities	-	-	-	-	-	-	(3,520,742,753)	(3,520,742,753)						
Balance at March 31, 2023 (Unaudited)	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ -	₩ 299,239,980,000	₩ 33,472,845,588	₩ 2,619,422,768,988	₩ 3,812,166,468,531						
Balance at January 1, 2024	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ (760,020,000)	₩ 159,590,030,000	₩ 6,054,151,814	₩ 2,805,556,986,374	₩ 3,830,472,022,143						
Changes in equity														
Total comprehensive income														
Profit for the period	-	-	-	-	-	-	63,792,461,966	63,792,461,966						
Other comprehensive income(loss)														
Remeasurements of net defined benefit liabilities	-	-	-	-	-	391,364,519	-	391,364,519						
Cash flow hedges	-	-	-	-	-	10,848,759,429	-	10,848,759,429						
Gain on valuation of financial assets at fair value though other comprehensive income	-	-	-	-	-	9,629,769	-	9,629,769						
Gain on overseas operations translation	-	-	-	-	-	12,057,438	-	12,057,438						
Transactions with shareholders														
Dividends paid	-	-	-	-	-	-	(132,544,326,236)	(132,544,326,236)						
Dividends on hybrid securities	-	-	-	-	-	-	(3,691,735,517)	(3,691,735,517)						
Issuance of hybrid securities	-	-	-	-	139,639,910,000	-	-	139,639,910,000						
Others														
Transfer of retained earnings for capital adjustment	-	-	-	760,020,000	-	-	(760,020,000)	-						
Balance at March 31, 2024 (Unaudited)	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ -	₩ 299,229,940,000	₩ 17,315,962,969	₩ 2,732,353,366,587	₩ 3,908,930,143,511						

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Three-Month Periods Ended March 31, 2024 and 2023

(In Korean won)	Note	2024	2023
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operating activities	27	₩ (732,372,372,809)	₩ 812,694,577,587
Interests received		335,705,475,273	275,315,862,955
Interests paid		(147,909,134,462)	(111,242,658,344)
Dividends received		-	20,036
Income taxes paid		(14,609,391,800)	(15,106,445,051)
Net cash inflow (outflow) for operating activities		(559,185,423,798)	961,661,357,183
Cash flows from investing activities			
Disposal of financial assets at fair value through profit or loss		1,260,000,000	211,479,195
Disposal of property and equipment		11,716,500	-
Disposal of intangible assets		15,000	-
Acquisition of financial assets at fair value through profit or loss		(743,196,604)	-
Acquisition of financial assets at fair value through other comprehensive income		(1,199,951,538)	-
Net increase in investments in subsidiaries		(800,000,000)	-
Acquisition of property and equipment		(8,840,040,998)	(3,993,314,316)
Acquisition of intangible assets		(11,343,316,174)	(5,580,088,747)
Net decrease (increase) in guarantee deposits provided		(25,466,316)	186,062,320
Net cash outflow for investing activities		(21,680,240,130)	(9,175,861,548)
Cash flows from financing activities			
Proceeds from borrowings		600,000,000,000	320,000,000,000
Proceeds from issue of debentures		5,611,115,253,258	2,343,375,584,172
Proceeds from issue of hybrid securities		139,639,910,000	-
Repayment of borrowings		(384,166,670,000)	(244,166,670,000)
Repayment of debentures		(4,071,400,000,000)	(3,457,200,000,000)
Repayment of lease liabilities		(3,238,034,115)	(5,145,068,488)
Dividends on hybrid securities		(2,400,000,000)	(3,525,000,000)
Net cash inflow (outflow) from financing activities		1,889,550,459,143	(1,046,661,154,316)
Effect of exchange rate changes on cash assets denominated in foreign currency		12,057,438	-
Net increase (decrease) in cash and cash equivalents		1,308,696,852,653	(94,175,658,681)
Cash and cash equivalents at the beginning of the period	27	1,049,247,085,470	2,269,390,254,066
Cash and cash equivalents at the end of the period	27	₩ 2,357,943,938,123	₩ 2,175,214,595,385

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

March 31, 2024 and 2023 (Unaudited), and December 31, 2023

1. GENERAL INFORMATION:

Hyundai Card Co., Ltd. (the “Company” or the “Parent Company”), which is a controlling company in accordance with Korean International Financial Reporting Standard (“K-IFRS”) No.1110 ‘*Consolidated Financial Statements*’, is engaged in the credit card business with its headquarters located at 3, Uisadang-daero, Yeongdeungpo-gu, Seoul. On June 15, 1995, the Company acquired the credit card business of Korea Credit Circulation Co., Ltd., and on June 16, 1995, the Korean government granted permission to the Company to engage in the credit card business. The Company operates its business under the Specialized Credit Financial Business Act and other relevant applicable regulations.

As of March 31, 2024, the Company has approximately 12.19 million card members, 3.15 million registered merchants and 16 marketing centers and branches (including 1 overseas branch).

As of March 31, 2024, the total ordinary shares of the Company amounted to ₩802,326 million after several capital increases and retirement of treasury shares. The shareholders as of March 31, 2024 and December 31, 2023, are as follows:

	March 31, 2024		December 31, 2023	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Hyundai Motor Co., Ltd.	59,301,937	36.96%	59,301,937	36.96%
Kia Corporation	10,398,877	6.48%	10,398,877	6.48%
Hyundai Commercial Inc.	55,518,860	34.62%	55,518,860	34.62%
Taipei Fubon Commercial Bank Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Fubon Life Insurance Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Others	3,152,556	1.96%	3,152,556	1.96%
	<u>160,465,286</u>	<u>100.00%</u>	<u>160,465,286</u>	<u>100.00%</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2024 and 2023 (Unaudited), and December 31, 2023

2. MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The consolidated interim financial statements of the Company and its Subsidiaries (the 'Group') for the three-month period ended March 31, 2024, have been prepared in accordance with Korean IFRS No.1034 '*Interim Financial Reporting*' and contain less information than is required in annual consolidated financial statements. Selected explanatory notes include descriptions of transactions or events that are significant in understanding change in financial position and financial performance of the Group since the end of the previous annual reporting period. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as of March 31, 2024.

2.2 New standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for its annual reporting period commencing January 1, 2024:

- Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" - Classification of Liabilities into Current and Non-Current and Non-current Liabilities with Covenants

Liabilities are classified as current or non-current based on their substantive rights existing at the end of the reporting period, without considering the possibility of exercising the right to delay the payment or the management's expectations. Also, if the transfer of equity instruments is included in the payment of liabilities, it is excluded if the option to pay with equity instruments is recognized separately from the liability in a compound financial instrument and meets the definition of equity instruments. These amendments do not have a significant impact on the financial statements.

2.3 New standards and interpretations not yet adopted by the Group

The following amended standards have been published that are not mandatory for January 1, 2024 reporting period and have not been adopted by the Group.

- Amendment of Korean IFRS No.1021 "The Effects of Changes in Foreign Exchange Rates" and Korean IFRS No.1101 "First-time Adoption of International Financial Reporting Standards"
- Lack of exchangeability

The amendments require the Group to determine a spot exchange rate when exchangeability is lacking, and to disclose information on the nature and financial effects of the currency not being exchangeable into the other currency, the spot exchange rate(s) used, the estimation process, and the risks to which the Group is exposed. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2025. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2024 and 2023 (Unaudited), and December 31, 2023

2.4 Accounting policies

The material accounting policies and calculation methods applied in the preparation of these consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2023, except for the impact of changes due to adopting new and amended standards and interpretations described in Note 2.2 and below paragraph.

2.4.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pretax income.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from those estimates.

Significant accounting estimates and assumptions applied in the preparation of these consolidated interim financial statements are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2023, except for the changes due to adopting new and amended standards and interpretations described in Note 2.2 and the estimates used to determine income tax expense.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2024 and 2023 (Unaudited), and December 31, 2023

4. CONSOLIDATED SUBSIDIARIES:

Details of the consolidated subsidiaries as of March 31, 2024 and December 31, 2023, are as follows:

	Main business	Location	Ownership interest held by the Group (%)		Closing month
			March 31, 2024	December 31, 2023	
Super Series 9th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 10th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 11th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 12th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 13th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 14th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 15th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 16th SPC ¹	Asset securitization	Korea	0.5	-	December
Bluewalnut Co., Ltd.	Electronic banking	Korea	100.0	100.0	December
Money Market Trust	Trust business	Korea	100.0	100.0	-

¹ In determining power over subsidiaries except for Bluewalnut Co., Ltd. and Money Market Trust, voting rights or similar rights are not major components, accordingly, these subsidiaries are considered as structured entities.

Above subsidiaries, except for Money Market Trust and Bluewalnut Co., Ltd., are special-purpose companies ("SPCs") that were established for business activities of consolidated entities. Although the above subsidiaries have less than a majority of ownership interests, they are deemed to have control in accordance with K-IFRS No.1110 because they are exposed to variable returns or have rights to variable returns through their involvement with the investee, as well as the ability to use the power of the parent to influence the amount of the parent's returns.

Meanwhile, when event of default occurs from derivative contracts regarding asset-backed securities issued by SPCs, the Company may be liable for reimbursement of losses incurred on counterparties.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2024 and 2023 (Unaudited), and December 31, 2023

Condensed financial information of the Group's subsidiaries as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	March 31, 2024									
	Assets		Liabilities		Operating income		Profit (loss) for the period		Comprehensive income (loss)	
Super Series 9th SPC	₩	-	₩	-	₩	3,929	₩	-	₩	(216)
Super Series 10th SPC		215,089		215,089		1,428		-		-
Super Series 11th SPC		350,173		350,173		1,910		-		-
Super Series 12th SPC		394,125		390,729		19,585		-		1,717
Super Series 13th SPC		350,338		350,338		3,717		-		-
Super Series 14th SPC		552,625		560,542		23,924		-		3,296
Super Series 15th SPC		540,904		539,004		28,469		-		5,984
Super Series 16th SPC		537,409		540,609		8,643		-		(2,437)
Bluewalnut Co., Ltd.		84,713		55,249		36,064		(321)		(321)
Money Market Trust		1,730,000		-		360		360		360

(In millions of Korean won)	December 31, 2023									
	Assets		Liabilities		Operating income		Profit (loss) for the year		Comprehensive income (loss)	
Super Series 9th SPC	₩	103,448	₩	103,166	₩	19,367	₩	-	₩	(11,173)
Super Series 10th SPC		430,120		430,120		5,930		-		-
Super Series 11th SPC		350,156		350,156		7,694		-		-
Super Series 12th SPC		375,184		374,052		18,271		-		(4,040)
Super Series 13th SPC		350,305		350,305		14,941		-		-
Super Series 14th SPC		550,647		562,805		39,544		-		(2,382)
Super Series 15th SPC		529,827		535,743		27,778		-		(4,538)
Bluewalnut Co., Ltd.		116,952		87,178		114,445		(421)		(545)
Money Market Trust		190,000		-		14		14		14

Subsidiaries newly included from the consolidation during the three-month period ended March 31, 2024.

Name of subsidiary	Reason
Super Series 16h SPC	Establishment

No subsidiary is excluded from the consolidation during the three-month period ended March 31, 2024.

Non-controlling interests of consolidated SPC do not have any right of residual income from SPC, and it is measured as amortized cost because its life term is fixed.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2024 and 2023 (Unaudited), and December 31, 2023

5. RESTRICTED CASH AND DEPOSITS:

Details of restricted cash and deposits as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		March 31, 2024		December 31, 2023		Description
Cash and deposits	Kookmin Bank and others	₩	18	₩	18	Guarantee deposits for overdraft
	Shinhan Bank and others		23,100		23,100	Secured deposits
	Citibank and others		181,463		241,076	Deposits related to securitization
		₩	204,581	₩	264,194	

6. SECURITIES:

Details of securities as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	March 31, 2024		December 31, 2023	
Financial assets at fair value through profit or loss				
Debt securities	₩	964,398	₩	668,444
Equity securities		6,455		6,455
		970,853		674,899
Financial assets at fair value through other comprehensive income				
Equity securities ¹		10,577		9,359
Investments in subsidiaries		676		58
	₩	982,106	₩	684,316

¹ The Group has designated equity securities held for strategic business partnerships as securities measured at fair value through other comprehensive income.

Hyundai Card Co., Ltd. and Subsidiaries

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Details of the Group's investments in associates as of March 31, 2024 and December 31, 2023, are as follows:

	<u>Location</u>	<u>Business Details</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Modern Lion	Korea	NFT trading	40.00%	40.00%

Changes in the Group's investments in associates for the three-month periods ended March 31, 2024 and for the year ended December 31, 2023 are as follows:

(In millions of
Korean won)

	<u>March 31, 2024</u>				
	<u>Cost</u>	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Gains (losses) on equity-method accounting</u>	<u>Ending balance</u>
Modern Lion	₩ 1,600	₩ 58	₩ 800	₩ (182)	₩ 676

(In millions of
Korean won)

	<u>December 31, 2023</u>				
	<u>Cost</u>	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Gains (losses) on equity-method accounting</u>	<u>Ending balance</u>
Modern Lion	₩ 800	₩ 689	₩ -	₩ (631)	₩ 58

Condensed financial information of the Group's investments in associates as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean
won)

	<u>March 31, 2024</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Net assets</u>	<u>Profit (loss) for the period</u>	<u>Comprehensive income (loss)</u>
Modern Lion	₩ 1,950	₩ 260	₩ 1,690	₩ (454)	₩ (454)

(In millions of Korean
won)

	<u>December 31, 2023</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Net assets</u>	<u>Profit (loss) for the year</u>	<u>Comprehensive income (loss)</u>
Modern Lion	₩ 361	₩ 217	₩ 144	₩ (1,578)	₩ (1,578)

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7. FINANCIAL ASSETS AT AMORTIZED COST:

Details of financial assets at amortized cost by customers as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of
Korean won)

	March 31, 2024				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 14,745,327	₩ (1,877)	₩ (6,638)	₩ (231,307)	₩ 14,505,505
Corporates	1,213,992	-	-	(4,636)	1,209,356
Short-term card loan					
Household	653,749	-	-	(41,424)	612,325
Long-term card loan					
Household	4,993,353	-	(1,100)	(360,866)	4,631,387
Loan receivables					
Household	11,718	-	-	(760)	10,958
	₩ 21,618,139	₩ (1,877)	₩ (7,738)	₩ (638,993)	₩ 20,969,531

(In millions of
Korean won)

	December 31, 2023				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 14,750,276	₩ (3,768)	₩ (7,880)	₩ (215,247)	₩ 14,523,381
Corporates	1,226,753	-	-	(4,761)	1,221,992
Short-term card loan					
Household	609,081	-	-	(36,356)	572,725
Long-term card loan					
Household	4,776,183	-	(1,123)	(344,649)	4,430,411
Loan receivables					
Household	15,948	-	-	(873)	15,075
	₩ 21,378,241	₩ (3,768)	₩ (9,003)	₩ (601,886)	₩ 20,763,584

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Changes in financial assets at amortized cost, which have significant impact on provisions for impairment, for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loan		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 15,088,804	₩ 843,711	₩ 44,514	₩ 464,474	₩ 135,121	₩ 9,486
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	209,640	(209,545)	(95)	16,902	(16,902)	-
Transfer to assets measured at lifetime expected credit losses	(320,611)	320,861	(250)	(36,751)	36,752	(1)
Impairment	(26,745)	(32,026)	58,771	(5,342)	(7,714)	13,056
New origination and derecognition	60,673	(28,926)	(5,313)	50,347	4,398	(57)
Written off	-	-	(39,974)	-	-	(9,057)
Disposal and repurchase	-	-	(4,170)	-	-	(963)
Ending balance	₩ 15,011,761	₩ 894,075	₩ 53,483	₩ 489,630	₩ 151,655	₩ 12,464

(In millions of Korean won)	2024							
	Long-term card loan			Loan receivables				Total
	Lifetime expected credit losses			Lifetime expected credit losses				
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired		
Beginning balance	₩ 3,899,393	₩ 580,468	₩ 296,322	₩ 13,217	₩ 2,256	₩ 475	₩ 21,378,241	
Transfer between stages								
Transfer to assets measured at 12-month expected credit losses	141,450	(141,412)	(38)	504	(504)	-	-	
Transfer to assets measured at lifetime expected credit losses	(240,110)	240,634	(524)	(770)	771	(1)	-	
Impairment	(19,094)	(27,371)	46,465	(27)	(147)	174	-	
New origination and derecognition	326,818	(81,771)	24,014	(3,367)	(730)	(48)	346,038	
Written off	-	-	(49,748)	-	-	(85)	(98,864)	
Disposal and repurchase	-	-	(2,143)	-	-	-	(7,276)	
Ending balance	₩ 4,108,457	₩ 570,548	₩ 314,348	₩ 9,557	₩ 1,646	₩ 515	₩ 21,618,139	

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(In millions of Korean won)

	2023					
	Card receivables			Short-term card loan		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 14,762,141	₩ 1,357,449	₩ 57,131	₩ 344,555	₩ 104,488	₩ 14,622
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	289,350	(289,314)	(36)	12,441	(12,441)	-
Transfer to assets measured at lifetime expected credit losses	(361,170)	361,312	(142)	(20,499)	20,500	(1)
Impairment	(22,851)	(39,018)	61,869	(3,610)	(6,641)	10,251
New origination and derecognition	(1,174,536)	(291,532)	(19,385)	(23,983)	(24,616)	(5,285)
Written off	-	-	(39,671)	-	-	(7,977)
Disposal and repurchase	-	-	(3,350)	-	-	(620)
Ending balance	₩ 13,492,934	₩ 1,098,897	₩ 56,416	₩ 308,904	₩ 81,290	₩ 10,990

	2023						
	Long-term card loan			Loan receivables			
	Lifetime expected credit losses			Lifetime expected credit losses			
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	Total
Beginning balance	₩ 3,427,753	₩ 936,085	₩ 219,928	₩ 19,604	₩ 4,512	₩ 332	₩ 21,248,600
Transfer between stages							
Transfer to assets measured at 12-month expected credit losses	205,810	(205,753)	(57)	825	(825)	-	-
Transfer to assets measured at lifetime expected credit losses	(286,895)	287,364	(469)	(1,393)	1,398	(5)	-
Impairment	(20,702)	(40,368)	61,070	(97)	(183)	280	-
New origination and derecognition	(44,666)	(158,555)	50,565	5,622	(772)	(45)	(1,687,188)
Written off	-	-	(79,581)	-	-	(147)	(127,376)
Disposal and repurchase	-	-	(2,246)	-	-	(26)	(6,242)
Ending balance	₩ 3,281,300	₩ 818,773	₩ 249,210	₩ 24,561	₩ 4,130	₩ 389	₩ 19,427,794

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Changes in provisions for impairment of financial assets at amortized cost for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loan		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 104,008	₩ 82,535	₩ 33,465	₩ 14,113	₩ 15,136	₩ 7,107
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	18,310	(18,248)	(62)	1,730	(1,730)	-
Transfer to assets measured at lifetime expected credit losses	(7,165)	7,319	(154)	(1,111)	1,112	(1)
Impairment	(11,239)	(13,733)	24,972	(1,969)	(3,537)	5,506
Written off	-	-	(39,974)	-	-	(9,057)
Recovered	-	-	3,758	-	-	1,133
Disposal and repurchase	-	-	(2,580)	-	-	(573)
Additional provisions	2,339	31,879	20,513	2,360	6,134	5,071
Ending balance	₩ 106,253	₩ 89,752	₩ 39,938	₩ 15,123	₩ 17,115	₩ 9,186

(In millions of Korean won)

	2024					
	Long-term card loan			Loan receivables		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 109,828	₩ 75,061	₩ 159,760	₩ 291	₩ 227	₩ 355
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	16,602	(16,575)	(27)	46	(46)	-
Transfer to assets measured at lifetime expected credit losses	(9,777)	10,158	(381)	(26)	26	-
Impairment	(6,405)	(10,134)	16,539	(6)	(27)	33
Written off	-	-	(49,748)	-	-	(85)
Recovered	-	-	5,309	-	-	4
Disposal and repurchase	-	-	(1,435)	-	-	-
Additional (reversal of) provisions	6,213	17,180	38,698	(103)	(36)	107
Ending balance	₩ 116,461	₩ 75,690	₩ 168,715	₩ 202	₩ 144	₩ 414

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(In millions of Korean won)

	2023								
	Card receivables						Short-term card loan		
	Lifetime expected credit losses						Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 88,033	₩ 113,496	₩ 43,223	₩ 9,116	₩ 11,261	₩ 11,175			
Transfer between stages									
Transfer to assets measured at 12-month expected credit losses	22,115	(22,095)	(20)	1,240	(1,240)	-			
Transfer to assets measured at lifetime expected credit losses	(7,424)	7,510	(86)	(610)	611	(1)			
Impairment	(8,493)	(14,898)	23,391	(1,119)	(2,685)	3,804			
Written off	-	-	(39,671)	-	-	(7,977)			
Recovered	-	-	3,129	-	-	1,377			
Disposal and repurchase	-	(426)	(1,555)	-	(69)	(307)			
Additional (reversal of) provisions	(20,891)	4,782	13,137	(504)	560	198			
Ending balance	₩ 73,340	₩ 88,369	₩ 41,548	₩ 8,123	₩ 8,438	₩ 8,269			

(In millions of Korean won)

	2023								
	Long-term card loan						Loan receivables		
	Lifetime expected credit losses						Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	Total		
Beginning balance	₩ 92,692	₩ 94,814	₩ 124,393	₩ 489	₩ 814	₩ 268	₩ 589,774		
Transfer between stages									
Transfer to assets measured at 12-month expected credit losses	19,810	(19,769)	(41)	74	(74)	-	-		
Transfer to assets measured at lifetime expected credit losses	(10,638)	10,995	(357)	(46)	50	(4)	-		
Impairment	(5,905)	(13,956)	19,861	(43)	(70)	113	-		
Written off	-	-	(79,582)	-	-	(147)	(127,377)		
Recovered	-	-	5,433	-	-	8	9,947		
Disposal and repurchase	-	(212)	(1,188)	-	-	(17)	(3,774)		
Additional (reversal of) provisions	(8,222)	10,135	66,260	102	(122)	78	65,513		
Ending balance	₩ 87,737	₩ 82,007	₩ 134,779	₩ 576	₩ 598	₩ 299	₩ 534,083		

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8. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 392,554	₩ 168,963	₩ 996	₩ 60,847	₩ 8,965	₩ 632,325
Acquisitions	-	30	-	1,928	6,095	8,053
Reclassification						
Reclassification within account	-	-	1,210	2,423	(3,633)	-
Reclassification into selling and administrative expenses	-	-	-	-	-	-
Disposal	-	-	-	(1)	-	(1)
Depreciation	-	(1,292)	(64)	(5,844)	-	(7,200)
Ending balance	₩ 392,554	₩ 167,701	₩ 2,142	₩ 59,353	₩ 11,427	₩ 633,177

(In millions of Korean won)	2023					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 197,870	₩ 104,088	₩ 1,186	₩ 47,821	₩ 28,926	₩ 379,891
Acquisitions	-	-	-	1,059	1,657	2,716
Reclassification						
Reclassification within account	-	-	-	66	(66)	-
Reclassification into intangible assets	-	-	-	19	-	19
Disposal	-	-	-	(1)	-	(1)
Depreciation	-	(852)	(50)	(4,488)	-	(5,390)
Ending balance	₩ 197,870	₩ 103,236	₩ 1,136	₩ 44,476	₩ 30,517	₩ 377,235

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9. INTANGIBLE ASSETS:

Changes in intangible assets for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Developm- ent cost	Software	Others	Construction in progress	Member- ship	Total
Beginning balance	₩ 81,519	₩ 17,370	₩ 2	₩ 12,499	₩ 20,619	₩ 132,009
Acquisitions	3,940	77	-	7,520	-	11,537
Reclassification						
Reclassification within account	5,642	-	-	(5,642)	-	-
Reclassification into selling and administrative expenses	(47)	-	-	-	-	(47)
Reclassification into property and equipment	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Amortization	(7,528)	(1,681)	-	-	-	(9,209)
Ending balance	₩ 83,526	₩ 15,766	₩ 2	₩ 14,377	₩ 20,619	₩ 134,290

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(In millions of Korean won)	2023					
	Developm- ent cost	Software	Others	Construction in progress	Member- ship	Total
Beginning balance	₩ 83,099	₩ 18,866	₩ 2	₩ 9,069	₩ 20,619	₩ 131,655
Acquisitions	1,556	710	-	2,091	-	4,357
Reclassification						
Reclassification within account	2,517	-	-	(2,517)	-	-
Reclassification into selling and administrative expenses	(298)	-	-	(127)	-	(425)
Reclassification into property and equipment	-	-	-	(19)	-	(19)
Disposal	-	-	-	-	-	-
Amortization	(6,834)	(1,680)	-	-	-	(8,514)
Ending balance	₩ 80,040	₩ 17,896	₩ 2	₩ 8,497	₩ 20,619	₩ 127,054

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10. LEASE:

The Group as a lessee

Changes in right-of-use assets for the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 26,004	₩ 804	₩ -	₩ 26,808
Acquisitions	4,324	-	1,243	5,567
Disposal	(1,782)	(54)	-	(1,836)
Amortization	(3,425)	(63)	(62)	(3,550)
Other	26	-	-	26
Ending balance	₩ 25,147	₩ 687	₩ 1,181	₩ 27,015

	2023			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 253,284	₩ 758	₩ 68	₩ 254,110
Acquisitions	589	341	-	930
Disposal	(34)	(8)	-	(42)
Amortization	(6,504)	(68)	(68)	(6,640)
Other	477	-	-	477
Ending balance	₩ 247,812	₩ 1,023	₩ -	₩ 248,835

The analysis of maturity of lease liabilities before discount recognized in the consolidated interim statements of financial position as of March 31, 2024, and December 31, 2023, are as follows:

	March 31, 2024	December 31, 2023
Less than one year	₩ 9,976	₩ 9,958
Between one year and five years	18,104	18,108
Lease liabilities before discount	₩ 28,080	₩ 28,066

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The consolidated interim statements of comprehensive income for the three-month periods ended March 31, 2024 and 2023, show the following amounts relating to leases:

<i>(In millions of Korean won)</i>		2024		2023
Interest expense relating to lease liabilities	₩	297	₩	3,170
Expense relating to leases of low-value assets (included in selling and administrative expenses)		66		30

The total cash outflow for leases for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Total cash outflow for leases	₩	3,304	₩	5,175

Operating lease – the Group as a lessor

The Group provides some of the properties it owns as operating leases, and the expected maximum lease period is 2028. The Busan office building operation lease includes the option of the lessee to extend the lease period by five years, and the market review clause is included when the lease renewal option is exercised. The lessee does not have a purchase option to purchase the leased asset at the expiration of the lease term.

The analysis of maturity of operating lease recognized in the consolidated interim statements of financial position as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		March 31, 2024		December 31, 2023
Within one year	₩	1,389	₩	1,816
One year to five years		4,946		4,973
	₩	<u>6,335</u>	₩	<u>6,789</u>

The amount recognized as profit for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
The amount recognized as profit	₩	472	₩	59

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11. OTHER ASSETS:

Details of other assets as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)

	March 31, 2024					
	Other assets		Provision for impairment		Book amount	
Other receivables	₩	104,584	₩	(1,551)	₩	103,033
Accrued revenue		88,985		(2,665)		86,320
Guarantee deposits provided		7,137		-		7,137
Prepayments		83,705		(233)		83,472
Prepaid expenses		75,114		-		75,114
Other assets		11,388		-		11,388
	₩	370,913	₩	(4,449)	₩	366,464

(In millions of Korean won)

	December 31, 2023					
	Other assets		Provision for impairment		Book amount	
Other receivables	₩	118,024	₩	(1,651)	₩	116,373
Accrued revenue		84,614		(2,535)		82,079
Guarantee deposits provided		7,112		-		7,112
Prepayments		85,232		(207)		85,025
Prepaid expenses		76,944		-		76,944
Other assets		13,129		-		13,129
	₩	385,055	₩	(4,393)	₩	380,662

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Changes in provisions of other assets for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		
	Other receivables	Accrued revenue	Prepayments
Beginning balance	₩ 1,651	₩ 2,535	₩ 207
Additional (reversal of) provisions	(100)	130	26
Ending balance	₩ 1,551	₩ 2,665	₩ 233

(In millions of Korean won)

	2023		
	Other receivables	Accrued revenue	Prepayments
Beginning balance	₩ 493	₩ 2,559	₩ 97
Additional (reversal of) provisions	408	(335)	53
Ending balance	₩ 901	₩ 2,224	₩ 150

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12. BORROWINGS:

Details of borrowings as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		Annual interest rate (%)	March 31, 2024
Short-term borrowings			
Commercial paper	KEB Hana Bank and others	4.11 ~ 6.17	₩ 365,075
Borrowings ¹	Bank of Communications and others	4.42 ~ 5.34	230,000
			<u>595,075</u>
Current portion of long-term borrowings			
Commercial paper	BNK Securities and others	1.41 ~ 4.69	678,347
Borrowings ¹	KDB Bank and others	2.37 ~ 6.45	501,667
			<u>1,180,014</u>
Long-term borrowings			
Commercial paper	Kiwoom Securities and others	1.73 ~ 4.74	1,014,664
Borrowings ¹	KDB Bank and others	3.73 ~ 6.18	721,389
			<u>1,736,053</u>
			<u>₩ 3,511,142</u>

¹ Interest rate after considering swaps.

<i>(In millions of Korean won)</i>		Annual interest rate (%)	December 31, 2023
Short-term borrowings			
Commercial paper	KEB Hana Bank and others	4.20 ~ 6.33	₩ 267,166
Borrowings ¹	KOOKMIN Bank and others	4.42 ~ 5.34	180,000
			<u>447,166</u>
Current portion of long-term borrowings			
Commercial paper	BNK Securities and others	1.41 ~ 4.69	287,330
Borrowings ¹	KDB Bank and others	2.37 ~ 6.45	521,667
			<u>808,997</u>
Long-term borrowings			
Commercial paper	Kiwoom Securities and others	1.73 ~ 4.74	1,391,563
Borrowings ¹	KDB Bank and others	3.51 ~ 6.18	635,556
			<u>2,027,119</u>
			<u>₩ 3,283,282</u>

¹ Interest rate after considering swaps.

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Details of debentures as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	Maturity	Annual interest rate (%)	March 31, 2024
Short-term debentures	2024.04 ~ 2024.08	3.77 ~ 5.48	₩ 305,000
Current portion of debentures ¹	2024.04 ~ 2025.03	1.22 ~ 6.60	2,615,000
Long-term debentures ¹	2025.04 ~ 2032.03	1.64 ~ 6.63	12,226,136
			<u>15,146,136</u>
Discounts on debenture			<u>(13,503)</u>
			<u>₩ 15,132,633</u>

¹ Interest rate after considering swaps

<i>(In millions of Korean won)</i>	Maturity	Annual interest rate (%)	December 31, 2023
Short-term debentures	2024.01 ~ 2024.08	4.21 ~ 5.63	₩ 265,000
Current portion of debentures ¹	2024.01 ~ 2024.12	1.22 ~ 6.60	2,793,152
Long-term debentures ¹	2025.01 ~ 2032.03	1.64 ~ 6.63	10,487,966
			<u>13,546,118</u>
Discounts on debenture			<u>(12,027)</u>
			<u>₩ 13,534,091</u>

¹ Interest rate after considering swaps

The outstanding debentures are non-guaranteed corporate bonds, with their principals to be redeemed either by installment or at maturity. Bond issuance costs are recorded as discounts on debentures and amortized using the effective interest rate method.

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13. POSTEMPLOYMENT BENEFITS:

13.1 Defined Contribution Plan

The expense recognized in the consolidated interim statements of comprehensive income related to postemployment benefit under the defined contribution plan for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Defined contribution plan	₩	416	₩	516

13.2 Defined Benefit Plan

General

The Group operates a defined benefit plan for qualified employees by applying average salary over the past three months and length of service, etc. Plan assets mainly consist of deposits and are exposed to risk of lower interest rate.

Adjustment details of net defined benefit liabilities(assets)

Changes in present value of net defined benefit liabilities(assets) for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024			
	Present value of the defined benefit obligation	Plan assets	National Pension Fund	Net defined benefit liabilities (assets)
Beginning balance	₩ 109,663	₩ (120,272)	₩ (10)	₩ (10,619)
Current service cost	3,072	-	-	3,072
Interest expense (income)	1,127	(1,242)	-	(115)
Return on plan assets (excluding amounts included in interest income)	-	(7)	-	(7)
Actuarial gain (loss) from change in financial assumptions	(386)	-	-	(386)
Transfer of employees between the Group and its related companies	324	(301)	-	23
Benefits paid	(3,956)	3,886	-	(70)
Ending balance	₩ 109,844	₩ (117,936)	₩ (10)	₩ (8,102)

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	2023			
	Present value of the defined benefit obligation	Plan assets	National Pension Fund	Net defined benefit liabilities (assets)
Beginning balance	₩ 91,211	₩ (117,823)	₩ (10)	₩ (26,622)
Current service cost	2,739	-	-	2,739
Interest expense (income)	1,167	(1,521)	-	(354)
Return on plan assets (excluding amounts included in interest income)	-	343	-	343
Actuarial gain (loss) from change in financial assumptions	3,401	-	-	3,401
Transfer of employees between the Group and its related companies	(9)	78	-	69
Benefits paid	(3,646)	3,599	-	(47)
Ending balance	₩ 94,863	₩ (115,324)	₩ (10)	₩ (20,471)

13.3 Long-Term Employee Benefit Liabilities

Changes in present value of long-term employee benefit liabilities for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024	2023
Beginning balance	₩ 5,192	₩ 6,583
Current service cost	92	126
Interest expense	50	76
Actuarial gain (loss)	(14)	228
Benefits paid	(144)	(1,028)
Ending balance	₩ 5,176	₩ 5,985

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14. PROVISIONS:

Changes in provisions for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Unused commitment		Point		Provision for restoration	Total
Beginning balance	₩	127,027	₩	38,202	₩ 1,999	₩ 167,228
Provision (reversal)		8,830		1,253	(1,227)	8,856
Others		-		-	1,003	1,003
Ending balance	₩	135,857	₩	39,455	₩ 1,775	₩ 177,087

(In millions of Korean won)	2023					
	Unused commitment		Point		Provision for restoration	Total
Beginning balance	₩	97,998	₩	33,122	₩ 4,070	₩ 135,190
Provision (reversal)		(2,827)		130	(556)	(3,253)
Others		-		-	515	515
Ending balance	₩	95,171	₩	33,252	₩ 4,029	₩ 132,452

Changes in provision for unused commitment for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	12-month expected credit losses		Lifetime expected credit losses			Total
			Not impaired	Impaired		
Beginning balance	₩	96,053	₩	30,974	₩ -	₩ 127,027
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses		10,314	(10,314)	-		-
Transfer to assets measured at lifetime expected credit losses		(2,636)	2,636	-		-
Impairment		(3)	(14)	17		-
Provision (reversal)		(2,587)	11,434	(17)		8,830
Ending balance	₩	101,141	₩	34,716	₩ -	₩ 135,857

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	2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 77,835	₩ 20,163	₩ -	₩ 97,998
Transfer between stages				
Transfer to assets measured at 12-month expected credit losses	6,981	(6,981)	-	-
Transfer to assets measured at lifetime expected credit losses	(2,046)	2,046	-	-
Impairment	(5)	(14)	19	-
Provision (reversal)	(6,309)	3,501	(19)	(2,827)
Ending balance	₩ 76,456	₩ 18,715	₩ -	₩ 95,171

15. OTHER LIABILITIES:

Details of other liabilities as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)

	2024	2023
Accounts payable	₩ 2,107,104	₩ 2,163,249
Accrued expenses	185,928	212,329
Withholdings	151,871	127,085
Guarantee deposit received	12,207	11,968
Unearned revenue	512,892	489,857
	₩ 2,970,002	₩ 3,004,488

Details of unearned revenue as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)

	2024	2023
Point programs (point deferred revenue)	₩ 355,715	₩ 348,752
Annual subscription	156,980	140,894
Others	197	211
	₩ 512,892	₩ 489,857

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Changes in point deferred revenue for the years ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Beginning balance	₩	348,752	₩	329,286
Deferred revenue		99,556		86,704
Revenue recognition		(92,593)		(88,145)
Ending balance	₩	355,715	₩	327,845

16. DERIVATIVES AND HEDGE ACCOUNTING:

Derivative instruments held for trading

There are no derivative instruments held for trading as of March 31, 2024 and December 31, 2023.

Cash flow hedge

Cash flow hedge is a hedge for the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction and could affect profit or loss. When applying cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecasted cash flows affect profit or loss.

The Group shall discontinue prospectively if a hedging instrument expires or is sold, terminated or exercised; the hedge no longer meets the criteria for hedge accounting; the Group revokes the designation; or a forecast transaction is no longer expected to occur, in which case any related cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

The Group removes the volatility risk of future cash flows of a hedged item, such as borrowings, caused by changes in market interest rates or in foreign currency rates, by using derivative instruments, such as an interest rate swap or currency swap.

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The hedge relationship to which the Group applies cash flow hedge is affected by the interest rate benchmark related to the rate benchmark reform. Interest rate benchmarks exposed to hedge relationship are KRW CD and KRW CMS. Among the Group's hedge relationship, the nominal amounts of hedging instrument related to KRW CD and KRW CMS are ₩1,488,056 million and ₩1,670,000 million, respectively. The Group is closely watching market and industry discussions regarding applicable alternative base interest rates for exposed interest rate benchmarks, and it believes this uncertainty will no longer arise when the exposed interest rate benchmark is replaced with an applicable rate.

The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

Details of derivative assets and liabilities as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	March 31, 2024			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income¹
Interest rate swap	₩ 3,158,056	₩ 44,089	₩ 4,223	₩ 32,171
Currency swap	1,984,620	39,403	8,709	(2,837)
	<u>₩ 5,142,676</u>	<u>₩ 83,492</u>	<u>₩ 12,932</u>	<u>₩ 29,334</u>

<i>(In millions of Korean won)</i>	December 31, 2023			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income¹
Interest rate swap	₩ 3,002,222	₩ 37,819	₩ 7,529	₩ 24,654
Currency swap	1,547,020	11,473	49,034	(6,169)
	<u>₩ 4,549,242</u>	<u>₩ 49,292</u>	<u>₩ 56,563</u>	<u>₩ 18,485</u>

¹ Amount reflects tax effect.

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For transactions between local and foreign currencies, the unsettled contract amount of transaction is translated by applying the basic foreign exchange rate at the end of the reporting period to the contract amount in foreign currencies. For transactions between foreign currencies and other foreign currencies, the unsettled contract amount is the amount translated by applying the basic foreign exchange rate at the end of the reporting period to the contract amount in foreign currencies purchased.

The maximum period for the Group to be exposed to the variability in future cash flows arising from derivatives designated as cash flow hedges is expected to be until March 22, 2032. Meanwhile, the gain recognized as ineffective portion in relation to cash flow hedge is ₩5,995 million for three-month period ended March 31, 2024.

The average hedge ratio of derivative assets and liabilities as of March 31, 2024, is as follows:

<i>(In millions of Korean won)</i>	Less than 1 year	Between 1 year and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Nominal amount of the hedged item	₩ 1,010,000	₩ 1,058,676	₩ 1,761,929	₩ 922,071	₩ 320,000	₩ 70,000	₩ 5,142,676
Nominal amount of the hedging instrument	₩ 1,010,000	₩ 1,058,676	₩ 1,761,929	₩ 922,071	₩ 320,000	₩ 70,000	₩ 5,142,676
Average hedge ratio	100%	100%	100%	100%	100%	100%	100%

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17. SHARE CAPITAL AND HYBRID SECURITIES:

Details of capital stock as of March 31, 2024 and December 31, 2023, are as follows:

Description	Authorized shares	Par value	Outstanding shares	Capital stock amount
Common stock	600,000,000 shares	₩ 5,000	160,465,286 shares	₩ 802,326 million

Details of hybrid securities classified as equity as of March 31, 2024, are as follows:

(In millions of Korean won)	Issue date	Maturity date	Interest rate	Amount
876 th Bond-type hybrid securities ¹	2023-07-12	2053-07-12	6.00%	₩ 160,000
898 th Bond-type hybrid securities ¹	2024-01-31	2054-01-31	5.56%	120,000
899 th Bond-type hybrid securities ¹	2024-02-01	2054-02-01	5.56%	20,000
Issuance costs				(770)
				₩ 299,230

¹ Conditions for issuance for bond-type hybrid securities are as follows:

876th Bond-type hybrid securities

Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to July 12, 2028: A fixed rate of 6% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance

898th Bond-type hybrid securities

Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to January 31, 2029: A fixed rate of 5.56% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance

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899th Bond-type hybrid securities

Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to February 1, 2029: A fixed rate of 5.56% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance

18. RETAINED EARNINGS:

Retained earnings as of March 31, 2024 and December 31, 2023, consist of the following:

<i>(In millions of Korean won)</i>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Legal reserves ¹	₩ 106,971	₩ 93,716
Reserves for electronic financial transaction (Note 28)	1,000	1,000
Regulatory reserve for credit losses (Note 20)	856,219	1,131,719
Unappropriated retained earnings	1,768,163	1,579,122
	<u>₩ 2,732,353</u>	<u>₩ 2,805,557</u>

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit.

Changes in retained earnings for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Beginning balance	₩ 2,805,557	₩ 2,613,156
Profit for the period	63,792	70,765
Dividends paid	(132,544)	(60,977)
Distribution from hybrid securities	(3,692)	(3,521)
Transfer for capital adjustment	(760)	-
Ending balance	<u>₩ 2,732,353</u>	<u>₩ 2,619,423</u>

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19. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Changes in accumulated other comprehensive income for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024				
	Beginning balance	Changes			Ending balance
		Reclassification of profit or loss	Other	Tax effects	
Gain (loss) on valuation of derivatives	₩ 18,485	₩ (67,946)	₩ 82,364	₩ (3,569)	₩ 29,334
Remeasurements of net defined benefit liabilities	(13,013)	-	392	(1)	(12,622)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	582	-	18	(8)	592
Gain on overseas operations translation	-	-	12	-	12
	₩ 6,054	₩ (67,946)	₩ 82,786	₩ (3,578)	₩ 17,316

(In millions of Korean won)

	2023				
	Beginning balance	Changes			Ending balance
		Reclassification of profit or loss	Other	Tax effects	
Gain (loss) on valuation of derivatives	₩ 77,447	₩ (43,705)	₩ (5,705)	₩ 12,706	₩ 40,743
Remeasurements of net defined benefit liabilities	(4,885)	-	(3,728)	759	(7,854)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	574	-	-	10	584
	₩ 73,136	₩ (43,705)	₩ (9,433)	₩ 13,475	₩ 33,473

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20. REGULATORY RESERVE FOR CREDIT LOSSES:

Regulatory reserve for credit losses is calculated and disclosed in accordance with Article 11 of the Supervision regulations of Specialized Credit Financial Business.

Details of regulatory reserve for credit losses included in retained earnings as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	March 31, 2024	December 31, 2023
Beginning	₩ 856,219	₩ 1,131,719
Amount estimated to be appropriated (reversed)	21,641	(275,500)
Ending	₩ 877,860	₩ 856,219

Estimated provision of reserve for credit losses and adjusted profit after provision of reserve for credit losses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Profit for the period	₩ 63,792	₩ 70,764
Provision (reversal) of regulatory reserve for credit losses	21,641	(189,554)
Adjusted profit after provision of regulatory reserve for credit losses	₩ 42,151	₩ 260,318
Earnings per share after provision of reserve for credit losses <i>(in Korean won)</i>	₩ 263	₩ 1,622

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21. CARD INCOME AND EXPENSE:

Details of card income and expense for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Card income				
Agent commission ¹	₩	398,758	₩	381,427
Commission income from life service		14,340		14,181
Overseas commission income		26,620		11,724
Income from annual subscription		79,202		66,557
Others		38,442		29,440
Deduction from income ²		(146,198)		(149,835)
	₩	411,164	₩	353,494
Card expense				
Acquisition fee	₩	20,960	₩	20,441
Promotion		59,463		69,909
Service fee ¹		196,290		182,945
Financial service fee		1,032		608
A new credit sale handling fee		51,855		44,397
Overseas payment fee		28,213		19,351
Card issuance expenses		16,244		11,656
Others		17,763		17,892
Deduction from expense ²		(146,198)		(149,835)
	₩	245,622	₩	217,364

¹ The point-giving transaction with card members is that the Group provided the card member with the customer option, and the Group determines that it controls the transaction as principal. If the Group determines that it arranges for the provision of the good or service to customers by credit card merchant, the effect on card income and card expense by net accounting for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Decrease in card income	₩	109,555	₩	103,019
Decrease in card expense		109,555		103,019

² Deductible items in accordance with application of K-IFRS No.1115.

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22. INTEREST INCOME AND EXPENSE:

Details of interest income and expense for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Interest income				
Income from installment service	₩	110,193	₩	91,897
Income from short-term card loan		23,876		14,357
Income from long-term card loan (general card loan)		148,744		135,224
Income from long-term card loan (refinancing loan)		2,870		3,000
Revolving interest income		43,140		50,415
Loans receivable income		387		773
Other interest income		22,591		21,586
	₩	<u>351,801</u>	₩	<u>317,252</u>
Interest expense				
Expense from borrowings	₩	36,440	₩	32,814
Expense from debentures		133,350		96,517
Expense from Others		333		3,237
	₩	<u>170,123</u>	₩	<u>132,568</u>

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23. OTHER OPERATING INCOME AND EXPENSES:

Other operating income and expenses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Other operating income				
Gain on foreign currency transactions	₩	11,169	₩	15,308
Gain on derivatives transactions		3,776		5,776
Gain on valuation of derivatives		72,143		44,924
Others		91,780		37,080
	₩	<u>178,868</u>	₩	<u>103,088</u>
Other operating expenses				
Loss on foreign currency transactions	₩	8,726	₩	9,819
Loss on foreign currency translations		64,170		44,709
Loss on valuation of derivatives		1,978		6,780
Others		18,353		16,535
	₩	<u>93,227</u>	₩	<u>77,843</u>

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24. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Salaries	₩	54,367	₩	45,732
Postemployment benefits		14,985		2,981
Employee benefits		12,622		10,923
Travel expenses		644		305
Communication expenses		4,462		4,694
Postal expenses		2,840		3,157
Rental expenses		3,535		4,060
Taxes and dues		11,140		10,092
Repair and maintenance expenses		294		400
Insurance premiums		336		269
Entertainment expenses		140		167
Advertising expenses		16,082		18,601
Supply expenses		649		612
Vehicle maintenance expenses		7		7
Periodicals expenses		49		61
Publication expenses		469		547
Training expenses		389		344
IT expenses		16,549		15,758
Expense for temporary staff		5,467		4,941
Professional service expenses		28,269		31,146
Delivery commission		388		402
Commission expenses		11,591		10,677
Business activity expenses		123		91
Construction expenses		811		2,254
Depreciation		7,200		5,390
Amortization		9,209		8,514
Depreciation of right-of-use assets		3,550		6,640
Event expenses		351		50
Conference expenses		200		214
Building administrative expenses		3,022		3,159
	₩	209,740	₩	192,188

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25. NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Non-operating income:		
Gains on disposal of property and equipment and intangible assets	₩ 11	₩ -
Rental fee income	839	408
Miscellaneous profit	85	42
	<u>₩ 935</u>	<u>₩ 450</u>
Non-operating expenses:		
Loss on disposal of property and equipment and intangible assets	₩ 1	₩ 1
Donation	26	7
Loss on equity method	182	188
	<u>₩ 209</u>	<u>₩ 196</u>

26. TAX EXPENSE:

Income tax expense for the three-month periods ended March 31, 2024 and 2023, consists of the following:

<i>(In millions of Korean won)</i>	2024	2023
Current tax on profits for the period (including additional payment of tax and income tax refund)	₩ 27,534	₩ 5,922
Changes in deferred tax assets by temporary differences	(4,724)	5,763
Income tax expense (revenue) reflected directly to equity	(3,578)	13,475
Income tax expense	<u>₩ 19,232</u>	<u>₩ 25,160</u>

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Income tax expenses reflected directly to equity for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024					
	Beginning balance		Decrease		Ending Balance	
Tax effect related to cash flow hedges	₩	(5,614)	₩	(3,569)	₩	(9,183)
Tax effect related to remeasurements of net defined benefit liabilities		3,951		(1)		3,950
Tax effect related to gain on valuation of financial assets at fair value through other comprehensive income		(177)		(8)		(185)
	₩	(1,840)	₩	(3,578)	₩	(5,418)

<i>(In millions of Korean won)</i>	2023					
	Beginning balance		Increase		Ending balance	
Tax effect related to cash flow hedges	₩	(24,895)	₩	12,706	₩	(12,189)
Tax effect related to remeasurements of net defined benefit liabilities		1,590		759		2,349
Tax effect related to gain on valuation of financial assets at fair value through other comprehensive income		(185)		10		(175)
	₩	(23,490)	₩	13,475	₩	(10,015)

A reconciliation between income before income tax and income tax expense for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Profit before income tax	₩	83,025	₩	95,924
Income tax based on statutory tax rate		19,328		22,733
Add (deduct):				
Others		(96)		2,427
Income tax expense for continuing operations	₩	19,232	₩	25,160
Effective tax rate from operations		23.16%		26.23%

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27. CONSOLIDATED STATEMENTS OF CASH FLOWS:

Details of cash and cash equivalents as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	March 31, 2024	December 31, 2023
Current deposit	₩ 296	₩ 238
Ordinary deposit	461,257	542,924
Other cash and cash equivalents	1,896,391	506,085
	₩ 2,357,944	₩ 1,049,247

Cash generated from (used in) operations for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Profit for the period	₩ 63,792	₩ 70,764
Adjustments:		
Income tax expense	19,232	25,160
Interest expense	170,123	132,568
Impairment loss	130,410	65,692
Loss on equity method accounting	182	188
Loss on valuation of financial assets at fair value through profit or loss	4,121	1,934
Postemployment benefits	2,956	2,385
Other long-term benefits	129	430
Depreciation	7,200	5,390
Amortization	9,209	8,514
Depreciation of right-of-use assets	3,550	6,640
Loss on foreign currency translations	64,170	44,709
Loss on derivatives instruments	1,978	6,780
Loss on disposal of property and equipment and intangible assets	1	1
Non-interest-bearing installment	2,327	6,525
Other operating expenses	4,344	6,460
Additional (reversal) of provisions	8,857	(3,252)
Interest income	(336,958)	(276,572)
Gain on valuation of financial assets at fair value through profit or loss	(1,146)	(7,350)
Gain on disposal of financial assets at fair value through profit or loss	(2,227)	(344)
Gain on derivatives instruments	(75,919)	(50,700)

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<i>(In millions of Korean won)</i>	2024	2023
Amortization of present value of discounts of card assets	(3,569)	(31,084)
Amortization of deferred origination cost and fee of card assets	(11,275)	(9,596)
Gains on disposal of property and equipment and intangible assets	(11)	-
Other operating income	(14)	(3)
	<u>₩ (2,330)</u>	<u>₩ (65,525)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(297,220)	(617,841)
Decrease (increase) in card assets	(327,911)	1,710,993
Decrease (increase) in loan receivables	4,149	(4,788)
Decrease (increase) in other receivables	13,440	(18,071)
Decrease (increase) in other assets	(10,001)	64,142
Decrease in other payables	(188,094)	(291,795)
Increase in withholdings	24,879	16,240
Decrease in accrued expenses	(36,112)	(42,844)
Increase (decrease) in other liabilities	23,036	(8,580)
	<u>(793,834)</u>	<u>807,456</u>
Cash generated from (used in) operations	<u>₩ (732,372)</u>	<u>₩ 812,695</u>

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28. CONTINGENCIES AND COMMITMENTS:

(a) Significant commitments

The Group made an intraday bank overdraft agreement of ₩150 billion with Kookmin Bank and 4 other institutions, and the Group made an agreement of ₩1,866.2 billion with Kookmin Bank and 14 other institutions for general loans and credit line as of March 31, 2024. In addition, for the Credit Line agreement, the Yeouido Building 1 owned by the Group is provided as collateral to Woori Bank, and the mortgage amount is ₩180 billion.

(b) Pending litigations

As of March 31, 2024, the Group is involved in 43 cases (₩5,004 million) as a defendant, 57 cases (₩76,851 million) as a plaintiff and cases for debt collection against multiple debtors in the important pending litigations. The Group does not anticipate that these pending litigations referred above will have a significant effect on its consolidated interim financial statements.

(c) Reserve for loss reimbursement

The Group has reserved ₩1 billion for electronic financial transactions in case fraudulent credit card activities or accidents occurred in accordance with the Electronic Financial Transactions Act.

(d) Insurance for the implementation of the liability for damages

The Group has insured ₩10 billion for the implementation of the liability for damages in accordance with the Article 43 of the Credit Information Act.

(e) Commitment associated with asset-backed securitization

The Group continuously transfers receivables to maintain that the balance of the asset-backed securitization is above a certain level of trust beneficiary certificates relating to the asset-backed securitization. According to the agreement on the Group's asset-backed securitization, in order to enhance the credit level of the asset-backed securities, several provisions are in place as trigger clauses to be used for early redemption calls, thereby limiting the risk that the investors are exposed to, resulting from a change in quality of the assets in the future. In the event that the asset-backed securitization of the Group is in violation of the applicable trigger clause, the Group is obliged to make early redemption for the asset-backed securities. Meanwhile, when an event of default occurs from derivative contracts regarding asset-backed securities issued by Super Series 9th SPC, Super Series 12th SPC, Super Series 14th SPC, Super Series 15th SPC and Super Series 16th SPC, the Group may be liable for reimbursement of losses incurred on counterparties.

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(f) Agreement relating to borrowing liability

As of March 31, 2024, the Group has entered into agreements including trigger clause with its creditors for the purpose of credit enhancement of certain borrowing liabilities. If the Group breaches its trigger clause, the Group may be subject to early repayment or suspension/termination of contracts with the creditors.

29. RELATED-PARTY TRANSACTIONS:

Details of the related parties as of March 31, 2024, are as follows:

	Companies
Parent company	Hyundai Motor Company
Associates	Modern Lion
Entities with significant influence over the company.	Hyundai Commercial Inc.; Taipei Fubon Commercial Bank Co., Ltd.; Fubon Life Insurance Co., Ltd.
Other related parties	Green Air; Kumho Express Co., Ltd.; Kia Corporation; Kia Tigers; Maintrans Co., Ltd.; Meshkorea Co., Ltd.; MOVIA Co., Ltd.; MOTRAS CO., LTD.; BNS Soft; Seoul PMC; CA Tech Co., Ltd.; HL Green Power; WIA-MAGNA Powertrain; UNITUS CO., LTD.; Ucar; Eukor Car Carriers; Innocean Worldwide; DPLAN360; Iljin Bearing; Wondermove Co., Ltd.; Jeonbuk Hyundai Motors FC; G-Marine Service Co., Ltd.; GIT; KCNC Co., Ltd; Korea Credit Bureau; TRANIX CORP.; Fubon Hyundai Life Insurance Co., Ltd.; Hankook Economy Daily; Korea Electronic Vehicle Charging Service; Haevichi Hotels & Resorts; Haevichi Country Club; Hyundai Construction; Hyundai Glovis; Hyundai Transys; Hyundai City Corporation; Hyundai Rotem; Hyundai Materials; Hyundai Mobis; Hyundai BNG Steel; Hyundai Farm Land & Development; Hyundai Steel Industries; Hyundai Steel Pipe; Hyundai IHL; Hyundai Engineering; Hyundai NGV; Hyundai MSEAT; Hyundai AutoEver; Hyundai WIA; Hyundai Steel; Hyundai Special Steel Company; HMC Investment Securities Co., Ltd.; Hyundai Capital; Hyundai KEFICO; Hyundai Partecs; MOCEAN Co., Ltd.; Hyundai IFC Co., Ltd.; Hyundai Advanced Materials; Hyundai ISC Co., Ltd.; Hyundai IMC Co., Ltd.; 42dot; Hyundai Capital America; and others

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Sales and purchases with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024									
	Income			Expenses				Others		
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹		Purchase of property and equipment and intangible assets		
Parent company										
Hyundai Motor Company	₩ 45,392	₩ -	₩ 194	₩ 1,199	₩ 197	₩ 224	₩	-		
Other related parties										
Hyundai Capital	-	106	22	10,163	2,025	325		1,784		
Kia Corporation	19,516	-	215	153	-	23		-		
Hyundai AutoEver	630	-	155	-	12,211	222		3,710		
Hyundai Engineering	2	-	-	85	1,652	-		-		
Hyundai Steel	1	-	-	28	-	1		-		
Others	616	128	502	848	1,794	1,140		-		
	₩ 66,157	₩ 234	₩ 1,088	₩ 12,476	₩ 17,879	₩ 1,935	₩	5,494		

¹ Reversal of provision for impairment on card assets due from related party amounting to ₩42 million is included.

	2023									
	Income			Expenses				Others		
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹		Purchase of property and equipment and intangible assets		
Parent company										
Hyundai Motor Company	₩ 46,432	₩ -	₩ 33	₩ -	₩ 3	₩ 233	₩	19		
Other related parties										
Hyundai Capital	-	-	382	10,093	958	423		341		
Kia Corporation	18,987	-	165	-	-	31		-		
Hyundai AutoEver	627	-	371	-	11,610	190		1,800		
Hyundai Engineering	2	-	-	-	2,799	1		-		
Hyundai Steel	1	-	-	-	-	9		-		
Others	635	22	1,658	111	2,280	974		-		
	₩ 66,684	₩ 22	₩ 2,609	₩ 10,204	₩ 17,650	₩ 1,861	₩	2,160		

¹ Additional provision for impairment on card assets due from related party amounting to ₩75 million is included.

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Outstanding balances arising from sales/purchases of goods and services as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	March 31, 2024						
	Receivables			Payables			
	Card assets ¹	Provision for impairment	Others	Other payables	Others ³	Unused credit limit ²	
Parent company							
Hyundai Motor Company	₩ 47,085	₩ (31)	₩ 10	₩ 50,291	₩ 48,987	₩ 252,915	
Other related parties							
Hyundai Capital	141,595	(100)	1,607	3,051	1,947	128,906	
Kia Corporation	14,156	(9)	-	15,129	8,589	55,844	
Hyundai AutoEver	5,603	(4)	-	3,190	19,973	40,397	
Hyundai Engineering	6,507	(4)	-	3	-	13,493	
Hyundai Steel	8,482	(6)	-	2	-	21,518	
Others	40,831	(127)	1,353	7,724	46,825	206,639	
	₩ 264,259	₩ (281)	₩ 2,970	₩ 79,390	₩ 126,321	₩ 719,712	

¹ Unsettled amount of the corporate purchasing card amounting to ₩30,320 million is included, and the amounts used and redeemed for the three-month period ended March 31, 2024, are ₩117,664 million and ₩139,133 million, respectively.

² Unused credit limit of the corporate purchasing card is included.

³ As of March 31, 2024, the repayment amount of lease liabilities under lease contract with related parties is ₩2,034 million.

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(In millions of
Korean won)

(In millions of Korean won)		December 31, 2023										
		Receivables					Payables					
		Card assets ¹		Provision for impairment		Others		Other payables		Others ³		Unused credit limit ²
Parent company												
Hyundai Motor Company	₩	62,232	₩	(41)	₩	10	₩	73,291	₩	5	₩	237,602
Other related parties												
Hyundai Capital		114,193		(84)		1,684		3,197		2,625		152,862
Kia Corporation		26,556		(18)		-		20,884		-		43,444
Hyundai AutoEver		6,599		(4)		-		15,423		21,335		39,401
Hyundai Engineering		7,730		(5)		-		3		-		12,270
Hyundai Steel		7,345		(5)		-		9,068		-		22,655
Others		60,063		(166)		1,343		2,906		386		173,188
	₩	284,718	₩	(323)	₩	3,037	₩	124,772	₩	24,351	₩	681,422

¹ Unsettled amount of the corporate purchasing card amounting to ₩51,789 million is included, and the amounts used and redeemed for the three-month period ended March 31, 2023, are ₩770,796 million and ₩793,339 million, respectively.

² Unused credit limit of the corporate purchasing card is included.

³ As of March 31, 2023, the repayment amount of lease liabilities under lease contract with related parties is ₩6,679 million.

Compensation for key management for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024	2023
Short-term employee benefits	₩ 5,149	₩ 4,503
Postemployment benefits and others	852	464
Other long-term benefits	5	16
	₩ 6,006	₩ 4,983

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The fund transactions with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows:

Outstanding fund transactions included in card assets are as follows:

<i>(In millions of Korean won)</i>	December 31, 2023	Net increase (decrease)¹	March 31, 2024
Parent company			
Hyundai Motor Company	₩ 62,232	₩ (15,147)	₩ 47,085
Other related parties			
Hyundai Capital	114,193	27,402	141,595
Kia Corporation	26,556	(12,400)	14,156
Hyundai AutoEver	6,599	(996)	5,603
Hyundai Engineering	7,730	(1,223)	6,507
Hyundai Steel	7,345	1,137	8,482
Others	60,063	(19,232)	40,831
	<u>₩ 284,718</u>	<u>₩ (20,459)</u>	<u>₩ 264,259</u>

¹ The card asset-related fund transaction is stated as net change in consideration of the business activities with high turnover, large amounts and short maturity.

<i>(In millions of Korean won)</i>	December 31, 2022	Net increase (decrease)¹	March 31, 2023
Parent company			
Hyundai Motor Company	₩ 72,686	₩ (27,859)	₩ 44,827
Other related parties			
Hyundai Capital	128,947	32,800	161,747
Kia Corporation	23,485	(9,731)	13,754
Hyundai AutoEver	9,590	(4,065)	5,525
Hyundai Engineering	4,766	1,479	6,245
Hyundai Steel	7,377	2,160	9,537
Others	40,265	(2,622)	37,643
	<u>₩ 287,116</u>	<u>₩ (7,838)</u>	<u>₩ 279,278</u>

¹ The card asset-related fund transaction is stated as net change in consideration of the business activities with high turnover, large amounts and short maturity.

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Dividends paid to the related parties for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Parent company and others	₩	129,940	₩	59,779-

As of March 31, 2024, there are no payment guarantees and collateral provided by the Group for the financial supports to the related parties and no collateral and payment guarantees are provided by the related parties.

30. TRANSFERS OF FINANCIAL ASSETS:

The Parent Company had comprehensively entrusted receivables to a trust account of a trustee in the form of a money bond trust, and the trust account issued beneficiary right certificate of investor, beneficiary right certificate of transferor and subordinated beneficiary right certificate with trust property entrusted by the Parent Company as underlying asset. As the Parent Company is providing credit reinforcement by acquiring beneficiary right certificate of transferor and subordinated beneficiary right certificate and should any impairment loss incurred in receivables belongs to the underlying asset, the risk preferentially belongs to the Parent Company.

<i>(In millions of Korean won)</i>	Asset-backed card assets			
		March 31, 2024		December 31, 2023
Book amount of assets ¹	₩	7,763,256	₩	6,929,238
Book amount of the associated liabilities		2,929,546		2,650,118

¹ The amount is before provision for impairment.

As of March 31, 2024, the Group has issued its securitization liabilities with card assets as an underlying asset, and the related securitization liabilities have the right of recourse about the underlying assets. As of March 31, 2024, the fair value of financial assets transferred, but not eliminated is ₩7,720,405 million, the fair value of related liabilities is ₩2,933,388 million and net position is ₩4,787,017 million.

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31. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

The Group has entered into derivative contracts that include International Swaps and Derivatives Association ("ISDA") master netting agreements.

Generally, in such arrangements, all contracts that exist in the same currency are consolidated into one net amount and paid from one party to the other. Also, in the event of a credit event, such as bankruptcy, all contracts existing under the agreement will be cleared, the liquidating value will be assessed and all contracts will be settled on a net basis.

The ISDA arrangement does not meet the offset requirement in the consolidated financial statements. The Group does not currently have legally enforceable right of setoff in recognized assets and liabilities because the right of setoff cannot be exercised before a credit event, such as bankruptcy, occurs.

The effects of netting agreements as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)		March 31, 2024										
		Recognized financial assets and liabilities		Gross financial assets and liabilities set off		Net amounts presented in the consolidated statement of financial position		Amounts not offset				
Financial instruments								Cash collateral received		Net amount		
Financial assets												
Derivative assets	₩	83,492	₩	-	₩	83,492	₩	3,409	₩	-	₩	80,083
Financial liabilities												
Derivative liabilities		12,932		-		12,932		3,409		-		9,523
(In millions of Korean won)		December 31, 2023										
		Recognized financial assets and liabilities		Gross financial assets and liabilities set off		Net amounts presented in the consolidated statement of financial position		Amounts not offset				
Financial instruments								Cash collateral received		Net amount		
Financial assets												
Derivative assets	₩	49,292	₩	-	₩	49,292	₩	5,748	₩	-	₩	43,544
Financial liabilities												
Derivative liabilities		56,563		-		56,563		5,748		-		50,815

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32. FINANCIAL INSTRUMENTS BY CATEGORY:

Carrying amounts of financial instruments by category as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	March 31, 2024				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative instruments for hedging	Total
Financial assets					
Cash and deposits	₩ 2,447,162	₩ -	₩ -	₩ -	₩ 2,447,162
Securities	-	970,853	10,577	-	981,430
Card assets and loan receivables	20,969,531	-	-	-	20,969,531
Other financial assets ¹	196,489	-	-	83,492	279,981
	<u>₩ 23,613,182</u>	<u>₩ 970,853</u>	<u>₩ 10,577</u>	<u>₩ 83,492</u>	<u>₩ 24,678,104</u>

(In millions of Korean won)	March 31, 2024		
	Financial liabilities at amortized cost	Derivative instruments for hedging	Total
Financial liabilities			
Borrowings	₩ 18,643,775	₩ -	₩ 18,643,775
Other financial liabilities ²	2,466,199	12,932	2,479,131
	<u>₩ 21,109,974</u>	<u>₩ 12,932</u>	<u>₩ 21,122,906</u>

¹ Other financial assets consist of other receivables, accrued income, guarantee deposits provided and derivative assets.

² Other financial liabilities consist of other payables, withholdings (excluding liabilities for taxes and dues), accrued expenses, lease liabilities, derivative liabilities and guarantee deposits received.

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(In millions of Korean won)

(In millions of Korean won)	December 31, 2023					
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative instruments for hedging	Total	
Financial assets						
Cash and deposits	₩ 1,126,825	₩ -	₩ -	₩ -	₩ -	₩ 1,126,825
Securities	-	674,899	9,359	-	-	684,258
Card assets and loan receivables	20,763,584	-	-	-	-	20,763,584
Other financial assets ¹	205,564	-	-	49,292	-	254,856
	₩ 22,095,973	₩ 674,899	₩ 9,359	₩ 49,292	₩ -	₩ 22,829,523

(In millions of Korean won)

	December 31, 2023			Total
	Financial liabilities at amortized cost	Derivative instruments for hedging		
Financial liabilities				
Borrowings	₩ 16,817,373	₩ -	₩ 16,817,373	
Other financial liabilities ²	2,525,460	56,563	2,582,023	
	₩ 19,342,833	₩ 56,563	₩ 19,399,396	

¹ Other financial assets consist of other receivables, accrued income, guarantee deposits provided and derivative assets.

² Other financial liabilities consist of other payables, withholdings (excluding liabilities for taxes and dues), accrued expenses, lease liabilities, derivative liabilities and guarantee deposits received.

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Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024				
	Interest income	Interest expenses	Card income	Card expenses	Impairment loss
Financial assets					
Financial assets at amortized cost	₩ 351,801	₩ -	₩ 411,164	₩ 245,622	₩ 130,410
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	-	-	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	170,123	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	<u>₩ 351,801</u>	<u>₩ 170,123</u>	<u>₩ 411,164</u>	<u>₩ 245,622</u>	<u>₩ 130,410</u>

(In millions of Korean won)

	2024				
	Gain (loss) on valuation	Gain (loss) on disposal	Dividend income	Loss on foreign currency translation	Gain (loss) on foreign currency transactions
Financial assets					
Financial assets at amortized cost	₩ -	₩ 49,849	₩ -	₩ -	₩ 6,219
Financial assets at fair value through profit or loss	(2,976)	2,227	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	50,294	3,776	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	-	-	(64,170)	(3,776)
Derivative instruments for hedging	19,871	-	-	-	-
	<u>₩ 67,189</u>	<u>₩ 55,852</u>	<u>₩ -</u>	<u>₩ (64,170)</u>	<u>₩ 2,443</u>

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(In millions of Korean won)

	2023				
	Interest income	Interest expenses	Card income	Card expenses	Impairment loss
Financial assets					
Financial assets at amortized cost	₩ 317,252	₩ -	₩ 353,494	₩ 217,364	₩ 65,692
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	-	-	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	132,568	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	₩ 317,252	₩ 132,568	₩ 353,494	₩ 217,364	₩ 65,692

(In millions of Korean won)

	2023				
	Gain (loss) on valuation	Gain (loss) on disposal	Dividend income	Loss on foreign currency translation	Gain on foreign currency transactions
Financial assets					
Financial assets at amortized cost	₩ -	₩ 1,226	₩ -	₩ -	₩ 4,485
Financial assets at fair value through profit or loss	5,416	303	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	64,176	(1,004)	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	-	-	(44,709)	1,004
Derivative instruments for hedging	(19,252)	-	-	-	-
	₩ 50,340	₩ 525	₩ -	₩ (44,709)	₩ 5,489

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair value hierarchy classifications of the financial instruments that are subsequently measured at fair value as of March 31, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	March 31, 2024									
	Book value		Fair value		Level 1		Level 2		Level 3	
Financial assets										
Financial assets at fair value										
Securities at fair value through profit or loss	₩	970,853	₩	970,853	₩	2,520	₩	931,734	₩	36,599
Securities at fair value through other comprehensive income ¹		10,577		10,577		-		-		10,577
Derivative assets		83,492		83,492		-		83,492		-
Financial liabilities										
Financial liabilities at fair value										
Derivative liabilities		12,932		12,932		-		12,932		-

¹ As of March 31, 2024, among the securities at fair value through other comprehensive income in Level 3, equity instruments amounting to ₩1,000 million are measured at cost since they do not have a quoted price in an active market and their fair value cannot be measured reliably.

(In millions of Korean won)	December 31, 2023									
	Book value		Fair value		Level 1		Level 2		Level 3	
Financial assets										
Financial assets at fair value										
Securities at fair value										
through profit or loss	₩	674,899	₩	674,899	₩	5,253	₩	633,117	₩	36,529
Securities at fair value										
through other										
comprehensive income ¹		9,359		9,359		-		-		9,359
Derivative assets		49,292		49,292		-		49,292		-
Financial liabilities										
Financial liabilities at fair value										
Derivative liabilities		56,563		56,563		-		56,563		-

¹ As of December 31, 2023, among the securities at fair value through other comprehensive income in Level 3, equity instruments amounting to ₩1,000 million are measured at cost since they do not have a quoted price in an active market and their fair value cannot be measured reliably.

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To provide information about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into three levels prescribed under the accounting standards. Financial instruments that are measured at fair value are categorized by the fair value hierarchy whereby the levels are defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to measure an instrument at fair value are observable, the instrument is included in Level 2.
- Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. These financial instruments include unlisted equity securities.

There are no changes in fair value hierarchy level for the three-month periods ended March 31, 2024 and 2023.

The following table presents the changes in Level 3 financial instruments for the three-month periods ended March 31, 2024 and 2023:

(In millions of Korean won)

	2024	
	Securities at fair value through profit or loss	Securities at fair value through other comprehensive income
Beginning balance	₩ 36,529	₩ 9,359
Acquisition	-	1,200
Disposition	(1,260)	-
Profit or loss	1,330	-
Other comprehensive income	-	18
Ending balance	₩ 36,599	₩ 10,577

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(In millions of Korean won)

	2023			
	Securities at fair value through profit or loss		Securities at fair value through other comprehensive income	
Beginning balance	₩	30,961	₩	9,359
Acquisition		-		-
Disposition		(211)		-
Profit or loss		196		-
Ending balance	₩	30,946	₩	9,359

The following table presents the valuation techniques and input variables used to measure the fair value of Level 2 financial instruments as of March 31, 2024, and December 31, 2023:

(In millions of Korean won)	Fair value		Valuation technique	Input variables
	March 31, 2024	December 31, 2023		
Financial assets at fair value				
Securities at fair value through profit or loss	₩ 931,734	₩ 633,117	Discounted Cash Flow (“DCF”)	Discount rate, interest rate, etc.
Derivative assets	83,492	49,292	DCF	Discount rate, interest rate, exchange rate, etc.
Financial liabilities at fair value				
Derivative liabilities	12,932	56,563	DCF	Discount rate, interest rate, exchange rate, etc.

The following table presents the valuation techniques and significant unobservable input variables used to measure the fair value of Level 3 financial instruments as of March 31, 2024, and December 31, 2023.

(In millions of Korean won)	Fair value		Valuation technique	Unobservable inputs		
	March 31, 2024	December 31, 2023				
Financial assets at fair value						
Securities at fair value through profit or loss	₩	2,821	₩	2,821	DCF	Discount rate
		33,778		33,708	Net asset value	Price of underlying asset
Securities at fair value through other comprehensive income		9,577		8,359	Market approach	N/A

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The table below provides the fair value and carrying amount of financial instruments that are measured at amortized cost in the consolidated interim statements of financial position as of March 31, 2024 and December 31, 2023:

(In millions of Korean won)	March 31, 2024		December 31, 2023	
	Book amount	Fair value	Book amount	Fair value
Assets				
Financial assets				
Cash and deposit	₩ 2,447,162	₩ 2,447,162	₩ 1,126,825	₩ 1,126,825
Financial assets at amortized cost	20,969,531	21,289,245	20,763,584	21,061,028
Other financial assets	196,489	196,489	205,564	205,564
	<u>₩ 23,613,182</u>	<u>₩ 23,932,896</u>	<u>₩ 22,095,973</u>	<u>₩ 22,393,417</u>
Liabilities				
Financial liabilities				
Borrowings	₩ 18,643,775	₩ 18,834,249	₩ 16,817,373	₩ 16,958,748
Other financial liabilities	2,466,199	2,466,199	2,525,460	2,525,460
	<u>₩ 21,109,974</u>	<u>₩ 21,300,448</u>	<u>₩ 19,342,833</u>	<u>₩ 19,484,208</u>

The fair valuation techniques of the financial instruments measured at amortized cost are as follows:

Valuation techniques	
Cash and deposits	Carrying amounts of cash and demand due from financial institutions and payment due from financial institutions are reasonable approximation of fair values. These financial instruments do not have a fixed maturity and are receivable on demand. Fair value of ordinary due from financial institutions is measured using the DCF model. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.
Financial assets at amortized cost	DCF model is used to determine the fair value of card assets and loan receivables. Fair value is determined by discounting the expected cash flows, which are contractual cash flows adjusted by early redemption rate, at appropriate discount rate. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.
Other financial assets	DCF model is used to determine the fair value of other financial assets. Fair value is determined by discounting the expected cash flows, which are contractual cash flows, at appropriate discount rate. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.
Borrowings	Fair value is calculated by the DCF model at an appropriate interest rate for respective range of maturity. Fair value of public bonds is calculated through the quoted price of the active market.
Other financial liabilities	DCF model is used to determine the fair value of other financial liabilities. Fair value is determined by discounting the expected cash flows, which are contractual cash flows, at appropriate discount rate. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.

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The table below provides the fair value hierarchy of financial instruments that are not measured subsequently at fair value in the consolidated interim statements of financial position as of March 31, 2024 and December 31, 2023:

(In millions of
Korean won)

		March 31, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and deposit ¹	₩	-	₩ 2,447,162	₩ -	₩ 2,447,162
Financial assets at amortized cost		-	-	21,289,245	21,289,245
Other financial assets ¹		-	-	196,489	196,489
Financial liabilities					
Borrowings	₩	-	₩ 18,834,249	₩ -	₩ 18,834,249
Other financial assets ¹		-	-	2,466,199	2,466,199

¹ The carrying amount is disclosed at fair value as it is a reasonable approximation of fair value.

(In millions of
Korean won)

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and deposit ¹	₩	-	₩ 1,126,825	₩ -	₩ 1,126,825
Financial assets at amortized cost		-	-	21,061,028	21,061,028
Other financial assets ¹		-	-	205,564	205,564
Financial liabilities					
Borrowings	₩	-	₩ 16,958,748	₩ -	₩ 16,958,748
Other financial assets ¹		-	-	2,525,460	2,525,460

¹ The carrying amount is disclosed at fair value as it is a reasonable approximation of fair value.

There are no significant changes in business or economic environment for the three-month period ended March 31, 2024, which affect fair values of financial assets and liabilities held by the Group.

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34. EARNINGS PER SHARE:

(a) Basic earnings per share for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(In Korean won)</i>	2024	2023
Profit for the period	₩ 63,792,461,966	₩ 70,764,118,256
(-) Distribution from hybrid securities	3,691,735,517	3,520,742,753
Profit attributable to ordinary shares (A)	60,100,726,449	67,243,375,503
Weighted-average number of ordinary shares outstanding (B) (in shares)	160,465,286	160,465,286
Basic earnings per share (A/B)	₩ 375	₩ 419

There are no discontinued operations for the three-month periods ended March 31, 2024 and 2023, and as such, earnings per share are the same as earnings per share from continuing operations.

(b) Diluted earnings per share

The Group did not issue any potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

35. FINANCIAL RISK MANAGEMENT:

The Group is exposed to credit, liquidity and market risks. In order to manage these factors, the Group operates risk management policies and programs that monitor closely and respond to each of the risk factors. The Group uses derivatives to manage market risks.

There was no significant change in the Group's risk management policies and procedures after December 31, 2023.

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36. CAPITAL MANAGEMENT:

The parent company (specialized credit finance company) must maintain adjusted capital adequacy ratio in accordance with the Specialized Credit Financial Business Law and sub regulations, and the ratio for the credit card company must be more than 8%. This ratio is calculated by dividing adjusted capital with adjusted total assets and all factors are based on separate financial statements. The parent company maintains an adjusted capital adequacy ratio of more than 8%.

Details of adjusted capital adequacy ratio as of March 31, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	March 31, 2024		December 31, 2023	
Adjusted total assets (A)	₩	24,045,114	₩	22,106,467
Adjusted total capital (B)		<u>3,730,902</u>		<u>3,637,610</u>
Adjusted capital adequacy ratio (B/A)		<u>15.52%</u>		<u>16.45%</u>