

HYUNDAI CARD CO., LTD. AND SUBSIDIARIES

**Consolidated Financial Statements
December 31, 2024 and 2023**

(With Independent Auditors' Report Thereon)

Hyundai Card Co., Ltd. and Subsidiaries
December 31, 2024 and 2023

	Page(s)
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Changes in Equity.....	6
Consolidated Statements of Cash Flows.....	7
Notes to the Consolidated Financial Statements	8

Independent Auditors' Report

(Based on a report originally issued in Korean)

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

Opinion

We have audited the consolidated financial statements of Hyundai Card Co., Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the Group is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea

March 7, 2025

This report is effective as of March 7, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

<i>(In Korean won)</i>	Notes	2024	2023
Assets			
Cash and cash equivalents	5,30,31,32,36	₩ 1,885,696,173,453	₩ 1,049,247,085,470
Deposits	5,30,31,32	136,189,334,022	77,577,698,628
Financial assets at fair value through profit or loss	6,30,31,32	1,146,839,259,151	674,898,536,094
Financial assets at fair value through other comprehensive income	6,31,32	4,688,120,929	9,358,693,684
Investments in associates	6	145,367,315	57,733,835
Derivative assets	16,30,31,32,34	232,408,020,112	49,291,588,900
Financial assets at amortized cost	7,30,31,32,33,35	22,661,500,980,938	20,763,584,348,505
Property and equipment	8,35	626,564,935,412	632,325,285,378
Intangible assets	9,35	130,889,250,918	132,008,880,775
Right-of-use assets	10	22,956,789,252	26,807,734,457
Net defined benefit assets	13	2,353,571,589	10,618,805,142
Deferred tax assets	28	152,753,935,041	130,801,641,542
Other assets	11,30,31,32	386,691,957,483	380,661,892,861
Total assets		<u>₩ 27,389,677,695,615</u>	<u>₩ 23,937,239,925,271</u>
Liabilities			
Borrowings	12,30,31,32,33,37	₩ 2,817,596,906,850	₩ 3,283,282,178,841
Debentures	12,30,31,32,33,37	17,327,605,942,530	13,534,091,181,316
Derivative liabilities	16,30,31,32,34	10,874,348,979	56,563,004,126
Lease liabilities	10,30,31,32,35	22,307,941,064	25,996,342,907
Current tax liabilities	28	59,724,792,717	29,927,342,869
Net defined benefit liabilities	13	6,515,601,006	5,191,554,848
Provisions	14,37	159,793,112,123	167,228,036,741
Other liabilities	15,30,31,32,35	2,891,692,500,697	3,004,488,261,480
Total liabilities		<u>23,296,111,145,966</u>	<u>20,106,767,903,128</u>
Equity			
Share capital	1,17	802,326,430,000	802,326,430,000
Reserves	18	57,704,443,955	57,704,443,955
Capital adjustment		-	(760,020,000)
Hybrid securities	19	299,229,940,000	159,590,030,000
Accumulated other comprehensive income	21	(35,618,827,877)	6,054,151,814
Retained earnings	20,22	2,969,924,563,571	2,805,556,986,374
Total equity		<u>4,093,566,549,649</u>	<u>3,830,472,022,143</u>
Total liabilities and equity		<u>₩ 27,389,677,695,615</u>	<u>₩ 23,937,239,925,271</u>

The notes to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

<i>(In Korean won)</i>	Notes	2024	2023
Operating income			
Card income	23,31,35	₩ 1,753,379,561,149	₩ 1,631,200,322,381
Interest income	24,31	1,502,308,571,867	1,249,805,776,694
Gain on valuation and disposal of securities	31	13,036,305,046	19,575,869,259
Dividend income	31	20,046,712	20,075,495
Reversal of credit loss allowance	14	11,664,855,370	-
Other operating income	25,31	683,358,369,120	324,213,300,769
		<u>3,963,767,709,264</u>	<u>3,224,815,344,598</u>
Operating expenses			
Card expenses	23,31,35	1,021,215,136,703	921,265,756,727
Interest expenses	24,31	716,616,340,379	568,179,420,231
Selling and administrative expenses	13,26,35	825,322,913,795	779,717,391,246
Securitization expenses		3,065,323,773	4,023,511,148
Provision for credit loss allowance	7,11,14,31	604,369,002,072	452,975,622,659
Loss on valuation and disposal of securities	31	6,591,780,961	1,203,899,250
Other operating expenses	25,31	380,509,040,212	147,362,309,108
		<u>3,557,689,537,895</u>	<u>2,874,727,910,369</u>
Operating profit		<u>406,078,171,369</u>	<u>350,087,434,229</u>
Non-operating income	27	4,166,253,365	3,930,165,031
Non-operating expenses	27	9,051,145,157	3,266,271,588
Profit before income tax expense		<u>401,193,279,577</u>	<u>350,751,327,672</u>
Income tax expense	28	84,790,955,945	85,645,202,175
Profit for the year	20	<u>₩ 316,402,323,632</u>	<u>₩ 265,106,125,497</u>
Other comprehensive income	21		
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities		(8,278,960,251)	(8,128,015,093)
Gain (loss) on financial assets at fair value through other comprehensive income		(1,905,646,253)	7,810,225
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedges		(33,630,089,604)	(58,961,480,280)
Gain on foreign operations translation		141,703,173	-
		<u>(43,672,992,935)</u>	<u>(67,081,685,148)</u>
Total comprehensive income for the year		<u>₩ 272,729,330,697</u>	<u>₩ 198,024,440,349</u>
Earnings per share	29		
Basic earnings per share		₩ 1,868	₩ 1,579
Diluted earnings per share		₩ 1,868	₩ 1,579

The notes to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2024 and 2023

			Reserves						Accumulated			
	Share		Share	Other	Capital		Hybrid		other		Retained	Total
(In Korean won)	capital		premium	reserves	adjustment		securities		comprehensive income		earnings	
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 (loss)												
Profit for the year	-		-	-	-		-		-		265,106,125,497	265,106,125,497
Other comprehensive income (loss)												
Remeasurements of net defined benefit liabilities	-		-	-	-		-		(8,128,015,093)		-	(8,128,015,093)
Cash flow hedges	-		-	-	-		-		(58,961,480,280)		-	(58,961,480,280)
Gain (loss) on financial assets at fair value through other comprehensive income	-		-	-	-		-		7,810,225		-	7,810,225
Transactions with shareholders												
Dividends paid	-		-	-	-		-		-		(60,976,808,680)	(60,976,808,680)
Dividends on hybrid securities	-		-	-	-		-		-		(11,728,532,608)	(11,728,532,608)
Issuance of hybrid securities	-		-	-	-		159,590,030,000		-		-	159,590,030,000
Redemption of hybrid securities	-		-	-	(760,020,000)		(299,239,980,000)		-		-	(300,000,000,000)
Balance at December 31, 2023	<u>₩ 802,326,430,000</u>	<u>₩</u>	<u>45,399,364,539</u>	<u>₩ 12,305,079,416</u>	<u>₩ (760,020,000)</u>	<u>₩</u>	<u>159,590,030,000</u>	<u>₩</u>	<u>6,054,151,814</u>	<u>₩</u>	<u>2,805,556,986,374</u>	<u>₩ 3,830,472,022,143</u>
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 (loss)												
Profit for the year	-		-	-	-		-		-		316,402,323,632	316,402,323,632
Other comprehensive income (loss)												
Remeasurements of net defined benefit liabilities	-		-	-	-		-		(8,278,960,251)		-	(8,278,960,251)
Cash flow hedges	-		-	-	-		-		(33,630,089,604)		-	(33,630,089,604)
Gain (loss) on financial assets at fair value through other comprehensive income	-		-	-	-		-		94,366,991		(2,000,013,244)	(1,905,646,253)
Gain (loss) on foreign operations translation	-		-	-	-		-		141,703,173		-	141,703,173
Transactions with shareholders												
Dividends paid	-		-	-	-		-		-		(132,544,326,236)	(132,544,326,236)
Dividends on hybrid securities	-		-	-	-		-		-		(16,730,386,955)	(16,730,386,955)
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 December 31, 2024	<u>₩ 802,326,430,000</u>	<u>₩</u>	<u>45,399,364,539</u>	<u>₩ 12,305,079,416</u>	<u>₩ -</u>	<u>₩</u>	<u>299,229,940,000</u>	<u>₩</u>	<u>(35,618,827,877)</u>	<u>₩</u>	<u>2,969,924,563,571</u>	<u>₩ 4,093,566,549,649</u>

The notes to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

<i>(In Korean won)</i>	Note	2024	2023
Cash flows from operating activities			
Cash generated from operating activities	36	₩ (2,774,699,377,933)	₩ 11,011,108,418
Interests received		1,427,748,261,103	1,158,861,902,850
Interests paid		(623,819,440,669)	(464,669,840,691)
Dividends received		20,046,712	20,075,495
Income taxes paid		(63,903,466,404)	(87,856,889,260)
Net cash inflow (outflow) from operating activities		(2,034,653,977,191)	617,366,356,812
Cash flows from investing activities			
Disposal of financial assets at fair value through profit or loss		3,475,000,000	1,709,479,195
Disposal of financial assets at fair value through other comprehensive income		4,000,020,440	-
Disposal of investments in associates		300,000,000	-
Disposal of property and equipment		27,512,625,591	3,005,401,732
Disposal of intangible assets		15,000	-
Acquisition of financial assets at fair value through profit or loss		(41,186,167,860)	(4,750,080,000)
Acquisition of financial assets at fair value through other comprehensive income		(1,199,951,538)	-
Acquisition of investments in associates		(1,160,000,000)	-
Acquisition of property and equipment		(53,184,562,228)	(279,058,615,412)
Acquisition of intangible assets		(35,976,117,280)	(37,663,151,898)
Net decrease in guarantee deposits provided		84,870,033	7,347,078,239
Net cash outflow from investing activities		(97,334,267,842)	(309,409,888,144)
Cash flows from financing activities	36		
Proceeds from borrowings		1,510,000,000,000	2,240,000,000,000
Proceeds from issue of debentures		22,382,059,101,670	18,235,995,834,067
Proceeds from issue of hybrid securities		139,639,910,000	159,590,030,000
Repayment of borrowings		(2,031,666,680,000)	(2,596,666,680,000)
Repayment of debentures		(18,871,400,000,000)	(19,177,800,000,000)
Redemption of hybrid securities		-	(300,000,000,000)
Repayment of lease liabilities		(12,487,944,976)	(15,267,012,651)
Dividends paid		(132,544,326,236)	(60,976,808,680)
Dividends on hybrid securities		(15,442,200,000)	(12,975,000,000)
Net cash inflow (outflow) from financing activities		2,968,157,860,458	(1,528,099,637,264)
Effect of exchange rate changes on cash assets denominated in foreign currency		279,472,558	-
Net increase (decrease) in cash and cash equivalents		836,449,087,983	(1,220,143,168,596)
Cash and cash equivalents at the beginning of the year	36	1,049,247,085,470	2,269,390,254,066
Cash and cash equivalents at the end of the year	36	₩ 1,885,696,173,453	₩ 1,049,247,085,470

The notes to the consolidated Financial Statements are an integral part of these consolidated Financial Statements.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 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 December 31, 2024, the Company has approximately 12.56 million card members, 3.18 million registered merchants and 16 marketing centers and branches (including 1 overseas branch).

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

	December 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%
Taipei 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 Financial Statements
December 31, 2024 and 2023

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of consolidated financial statements preparation

The Group has prepared the consolidated financial statements in accordance with K-IFRS.

The principal accounting policies are set out below. Except for the effect of the amendments to K-IFRS and new interpretations set out below, the principal accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2024, are consistent with the accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2023.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given.

Management has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, management continues to adopt the going-concern basis of accounting in preparing the consolidated financial statements.

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 K-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 consolidated financial statements.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

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 K-IFRS No.1021 "The Effects of Changes in Foreign Exchange Rates" and K-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.

- Amendment of K-IFRS No.1109 "Financial Instruments" and K-IFRS No.1107 "Financial Instruments: Disclosures" (Amendment) – Classification and Measurement of Financial Instruments

The amendments clarify the conditions related to the settlement of financial liabilities using electronic payment systems, the characteristics of interest and contingent events that must be considered when evaluating whether the cash flow of the contract are consistent with the basic lending agreement, financial assets with non-recourse characteristics, and the characteristics of financial instruments linked by contract. Additionally, it includes new disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and contract conditions that can alter the timing or amount of cash flows. These amendments will apply retrospectively to the fiscal year beginning on or after January 1, 2026, with early adoption permitted. The Group is reviewing the impact of these amendments on their financial statements.

- Annual Improvements to K-IFRS

The annual improvements to K-IFRS will apply to fiscal years beginning on or after January 1, 2026, with early adoption permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- K-IFRS No.1109 "Financial Instruments": Accounting treatment of the derecognition of lease liabilities and definition of transaction price
- K-IFRS No.1110 "Consolidated Financial Statements": Determination of de facto agents
- K-IFRS No.1101 "First-time Adoption of K-IFRS": Application of hedge accounting
- K-IFRS No.1107 "Financial Instruments: Disclosures": Derecognition gains or losses
- K-IFRS No.1007 "Statement of Cash Flows": Cost method

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

2.4 Material Accounting Policies

1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Parent Company (and its subsidiaries). Control is achieved where the Group 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition to the effective date of disposal, as appropriate. Carrying amounts of the non-controlling interests in subsidiaries are adjusted with the changes in proportion of the equity held by non-controlling interests after initial acquisition of non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

When the Parent Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Parent Company had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS No. 1109 or when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2) Cash and cash equivalents

The Group classifies investments with a maturity of less than 3 months from the acquisition date as cash and cash equivalents.

3) Financial assets at amortized cost

Financial assets at amortized cost consists of card assets and loan receivables that are amounts due from customers for services performed in the ordinary course of business. Card assets and loan receivables are initially measured at fair value, including direct transaction cost; thereafter, they are measured at amortized cost using the effective interest rate method, except for the financial assets classified as at fair value through profit or loss.

(a) Card receivables

The Group records card receivables when its cardholders make purchases from domestic and foreign merchants and when cardholders of MasterCard International, Visa International and Diners Club International make purchases from domestic merchants. Commission from merchants for advance payments and commission from cardholders for instalment payments and cash advances are recognized as revenue on an accrual basis. Card receivables with non-interest-bearing instalment payment are initially recognized at fair value using a discounted cash flow ("DCF"). As interest rate and other factors that are considered for calculating the DCF of interest-bearing instalment payments are different than those for non-interest-bearing instalment payment, the Group independently determines the discount rates for non-interest-bearing instalment payments using objective and reasonable method.

(b) Short-term card loan

The Group provides the short-term card loan to its cardholders in accordance with the Specialized Credit Financial Business Law. Commission income is accrued on a daily basis based on a constant rate per cardholder's credit rate until repayments of short-term card loan.

(c) Long-term card loan

The Group provides the long-term card loan to its cardholders in accordance with the Specialized Credit Financial Business Law. Commission income is accrued on a daily basis based on a constant rate per cardholder's credit rate until repayments of long-term card loan.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(d) Loan receivables

The Group provides the credit loans and others in accordance with the Specialized Credit Financial Business Law. Commission income is accrued on a daily basis based on a constant rate until repayments of credit loans.

4) Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss (or other comprehensive income)
- Those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in the fair value of investments in undesignated equity instruments are recognized in profit or loss.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'Effective interest method interest income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Effective interest method interest income' using the effective interest rate method. Foreign exchange gains or losses are presented in 'gain or loss on foreign currency valuation and transactions' and impairment losses are presented in 'gain or loss on valuation and disposal of securities.'
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statements of comprehensive income, within 'gain or loss on valuation and disposal of securities,' in the year in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continues to be recognized in profit or loss as 'dividend income' when the right to receive payments is established.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'gain or loss on valuation and disposal of securities' in the statements of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income is not reported separately from other changes in fair value.

(c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(d) Expected Credit Losses

(i) Measurement of expected credit losses (loss allowances)

At the end of each reporting period, the loss allowance is recognized by assessing the expected credit losses of financial assets measured at amortized cost, excluding financial assets measured at fair value through profit or loss.

Expected credit losses of a financial instrument reflect (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime expected credit losses are recognized on financial assets that are measured at amortized cost for which there has been significant increases in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Lifetime expected credit losses mean the expected credit losses that result from all possible default events over the expected life of a financial instrument. Meanwhile, 12-month expected credit losses mean the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

The Group uses the information below to determine whether there is a significant increase in credit risk and considers that there has been a significant increase in credit risk if at least one of the following items is applicable.

- Thirty days or more overdue (seven days overdue for limited credit card products).
- Credit rating as of settlement date is more than a certain width drop compared to initial recognition.
- The internal credit rating is below a certain rating as of the settlement date.
- In case of other qualitative indicators defined on their own, consider the characteristics of the debtor, the loan and the market.

The Group defines default in accordance with its risk management policy, which means that at least one of the following items is applicable:

- Sixty days or more overdue.
- Written off due to credit deterioration.
- Sell credit bonds at the risk of significant economic losses due to worsening credit ratings.
- In the course of debt restructuring, the bond is reduced due to the exemption or postponement of principal, interest or related fees.
- Bankruptcy or similar lawsuit filed against the debtor.
- Bankruptcy or similar action is taken by the debtor to delay or avoid the repayment of debts to the financial institution.
- In addition to the above reasons for impairment defined by the regulator, debtors, loans and other reasons for damage defined on their own, taking into account market characteristics.

This will enable the Group to recognize loss allowances that are consistent with the risk management policies of the Group and based on best estimates.

(ii) Reflection of forward-looking information

The Group reflects forward-looking information in measuring expected credit losses.

The Group assumes that the risk components of expected credit loss have a certain correlation with economic fluctuations and calculates expected credit losses by modeling the macroeconomic variables and the measuring elements to reflect forward-looking information into the measurement elements.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(iii) Measurement of expected credit losses of financial assets measured at amortized cost

For financial assets measured at amortized cost, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. To this end, the Group calculates the cash flows that are expected to be recovered for individually significant financial assets (individual assessment provision for impairment).

For financial assets that are not individually significant, the financial assets are included in a group of financial assets with similar credit risk characteristics and measure expected credit losses collectively (collective assessment provision for impairment).

- Individual assessment provision for impairment

The individual assessment provision for impairment is based on management's best estimate of the present value of the cash flows expected to be recovered from the bonds being assessed. When estimating such cash flows, the Group determines all available information, such as the financial situation of the other party's operating cash flows and the net realizable value of the related collateral.

- Collective assessment provision for impairment

The collective assessment provision for impairment is measured using an estimated model that further reflects forward-looking information based on historical experience loss data to measure expected losses inherent in the portfolio. The model applies the probability of default and loss-given default for each asset (or asset set), considering a variety of factors, including the type of product and debtor, credit rating, portfolio size and recovery period. In addition, certain assumptions are applied to model the measurement of expected credit losses and determine input variables based on past experiences and forward-looking information situations. The methodology and assumptions of this model are regularly reviewed to reduce the difference between the estimated loan-loss reserves and the actual losses.

The expected credit losses on financial assets measured at amortized cost are reflected using the provision for impairment account, and the book value amount and provision for impairment are reduced if the financial assets are deemed unrecoverable. In the event that a previously impaired financial asset is recovered, the provision for impairment is increased and the changes in the provision for impairment are recognized as profit and loss.

(iv) Write-off of policy

The Group writes off the related receivables if it determines that the financial receivables is non-recoverable. This decision is made in consideration of significant changes in the financial position of the debtor and the issuer, such as when the debt is no longer payable or the amount recoverable from the collateral is insufficient. Meanwhile, for standardized micro receivables, write-off decisions are generally determined by the overdue status of the receivables.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

5) Property and equipment

Property and equipment are presented at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment is directly attributable to its purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item, and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset, if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measurable. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives
Buildings	40 years
Fixtures and equipment	4 years
Vehicles	4 years, 15 years

Each part of property and equipment with a cost that is significant in relation to the total cost is depreciated separately.

The Group assesses the depreciation method, the estimated useful lives and residual values of property and equipment at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

When future economic benefits are not expected through the use or disposition of property and equipment, the Group removes the book amount of the assets from the consolidated statements of financial position. The difference between the amounts received from the disposal and the book amount of assets is recognized as profit (loss) for the period when the assets are removed.

6) Intangible assets

(a) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(b) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in loss for the period when it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(c) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their deemed cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(d) Disposal of intangible assets

If future economic benefits are not expected through the use or disposition of the intangible assets, the Group removes the book amount of the assets from the consolidated financial statements. The difference between the amounts received from the disposal of intangible assets and the book amounts of the assets are recognized as profit (loss) for the period when the assets are removed.

7) Impairment of property and equipment and intangible assets, other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets for which recoverable amounts are not individually estimated are also allocated to individual CGUs, or otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Recoverable amounts are the higher of fair value, less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If impairment recognized in prior periods is reversed, the book amount of the individual assets (or CGU) is the smaller of the carrying amount of the recoverable amount or the book amount that the impairment would not have recognized in prior periods, and the reversal of impairment loss is recognized immediately in profit (loss) for the period at that time.

8) Lease

(a) As a lessee

The Group recognizes a right-of-use and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, and the cost include the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located.

The right-of-use asset is subsequently depreciated using a straight-line basis over the lease term from the commencement date to the end of a lease. However, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. In addition, the lessee measures the right-of-use asset at cost, less any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The incremental borrowing interest rate varies depending on lease term, currency and the timing of the lease commencement, and is determined based on inputs and others, including the following:

- risk-free interest rate based on treasury bond interest rate
- entity-specific risk adjustment
- credit risk adjustment based on bond yield

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

- entity-specific adjustment in case the risk attribute of the entity entering into the lease is different from that of the Group and the lease does not receive benefits from the guarantee provided by the Group

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments)
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When determining lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The term covered by the option to extend (or the term covered by the option to terminate) is included in the lease term only if it is reasonably certain that the lessee will exercise (or not) the option to extend. If the option is actually exercised (or not) or the Group is obligated to exercise (not exercise) the option, the lease term is reassessed. The Group reassesses the lease term only upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option in its determination of the lease term.

Short-term lease and lease of low-value assets

The Group has elected the practical expedient, not to recognize right-of-use assets and lease liabilities for, and short-term leases with, a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. When the Group acts as a lessor, it determines lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies K-IFRS No.1115 to allocate the consideration in the contract.

The Group applies derecognition and impairment requirements in K-IFRS No.1109 to the net investment in the lease. The Group regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

9) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and the amount of the obligation is reliably estimated.

The amounts recognized as a provision are the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

10) Financial liabilities and equity instruments

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs.

Treasury shares' transactions are deducted directly from equity. Profit or loss arising from purchases and sales, issuances and incinerations of treasury shares are not recognized in profit (loss) for the period.

(c) Compound instruments

The component parts of compound instruments issued by the Group are allocated into financial liabilities and equity in accordance with the definition of the financial asset and liability. Convertible option that can be settled by exchanging financial asset, such as fixed amount of cash for the fixed number of treasury shares, is equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest rate method, until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amounts of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

(d) Financial liabilities

A financial liability is recognized when the Group becomes a party to the contract and at initial recognition. A financial liability, other than financial liability at fair value through profit or loss, is measured at its fair value, plus or minus transaction costs that are directly attributable to the issue of the financial liability. Otherwise, the transaction cost that is directly attributable to the issue of the financial liability at fair value through profit or loss is recognized in profit (loss) for the period immediately when it arises.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(e) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective interest rate method.

The effective interest rate method is used for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the discounted rate used to estimate the net carrying value of future cash payment, including commission and points to be paid or received, transaction cost and other premium or discounts throughout the expected life of financial liability or where appropriate, a shorter period.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(f) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or expired. On derecognition of a financial liability in its entirety, the difference between the carrying amount and the consideration received is recognized in profit (loss) for the period.

11) Derivative instruments

The Group enters into a variety of derivative contracts, including interest rate swaps and currency swaps, to manage its exposure to interest rate and foreign exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into, and are subsequently remeasured to their fair value at the end of each reporting period. Gain or loss from the change in fair value is recognized in profit (loss) for the period immediately, unless the derivative is designated and effective as a hedging instrument; in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability.

(a) Hedge accounting

The Group designates certain derivative instruments as hedging instruments for cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit (loss) for the period, and is included in the other operating revenue or expenses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit (loss) for the period when the hedged item is recognized in profit (loss) for the period.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

12) Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issuance costs are incremental costs directly attributable to the issue of equity instruments and are deducted on the initial recognition of the equity instruments.

Where the Parent Company or its subsidiary purchases any shares of the Parent Company or its subsidiary, the consideration paid is deducted from shareholders' equity as treasury shares until they are canceled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

13) Revenue Recognition

Under K-IFRS No.1115 '*Revenue from Contracts with Customers*', revenue is recognized by applying the following five-step process to contracts with customers:

- Step 1 : Identify contracts with customers.
- Step 2: Identify the separate performance obligation.
- Step 3 : Determine the transaction price of the contract.
- Step 4: Allocate the transaction price to each of the separate performance obligations.
- Step 5: Recognize the revenue as each performance obligation is satisfied.

(a) Fees that are a part of the financial instruments' effective interest rate

Fees that are a part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate. Such fees include compensation for activities, such as evaluating the borrower's financial condition; evaluating and recording guarantees, collateral and other security arrangements; negotiating the terms of the instrument; preparing and processing documents; and closing the transaction, as well as origination fees received on issuing financial liabilities measured at amortized cost. These fees are deferred and recognized as an adjustment to the effective interest rate. However, in case the financial instrument is a financial asset at fair value through profit or loss, the relevant fee is recognized as revenue when the instrument is initially recognized.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(b) Commission from significant act performed

The recognition of revenue is postponed until the significant act is executed.

(c) Unearned revenue from point programs (customer loyalty program)

The Group operates program in which compensation points are given as part of the commission income, and customers can purchase goods or services using the points given. The points are accounted separately as identifiable component of the sales transaction(s) in which they are granted (the 'initial sales'). The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the points and other components of the sale.

The points are recognized as revenue at the time the point is used, that is, when the Group has fulfilled all of its performance obligations on the points, because the Group has provided a customer option to the card members. If the third-party supplies the points, the Group shall assess whether it is collecting the consideration allocated to the points on its own account (as the principal in the transaction) or on behalf of the third party (as agent for the third party). The amount of revenue recognized shall be net amount retained on its own account.

14) Interest income and expense

Using the effective interest rate method, the Group recognizes interest income and expense in the consolidated statements of comprehensive income. Effective interest rate method calculates the amortized cost of financial assets or liabilities and allocates interest income or expense over the relevant period. The effective interest rate discounts the expected future cash in and out through the expected life of financial instruments, or if appropriate, through shorter period, to net carrying amount of financial assets or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual financial instruments, except the loss on future credit risk. Also, effective interest rate calculation includes redemption costs, points (part of the effective interest rate) that are paid or earned between contracting parties, transaction costs and other premiums or discounts. It is assumed that the cash flows and the expected existing period of aggregation of homogeneous financial instruments are reliably estimable. However, in the exception that cash flow of financial instruments (or aggregation of homogeneous financial instruments) or the estimated maturity is not reliably estimable, the effective interest rate is calculated using the contractual terms of cash flows for the entire contract period.

If financial instruments or aggregation of homogeneous financial instruments are impaired, the subsequent interest income is recognized based on the discount rate used in discounting future cash flows for the purpose of the measurement of impairments.

15) Dividend income

Dividend income from investments is recognized when the shareholders' right to receive the payment of dividends has been established.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

16) Foreign currency translation

(a) Foreign currency transactions

The individual financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the consolidated financial statements, the results of operations and financial position of each entity are expressed in Korean won, which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit (loss) for the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks. See Note 2. (4). 11) for hedging accounting policies.

(b) Foreign business operations

If the functional currency of an foreign operation is not the currency of a hyperinflationary economy, the assets and liabilities on the statement of financial position (including the comparative statement) should be translated at the closing exchange rate at the end of the reporting period. The revenues and expenses in the statement of comprehensive income (including the comparative statement) should be translated at the exchange rate on the transaction date. Any foreign exchange differences arising from translation should be recognized in other comprehensive income.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

17) Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The remeasurements of net defined benefit liabilities consist of actuarial profit or loss return on plan assets (excluding amounts included in net interest from net benefit obligations (assets)) and changes in the asset recognition ceiling effect, and are recognized immediately in other comprehensive income. Past service costs are recognized in the period in which the plan is revised and net interest is calculated by applying the discount rate to the net defined benefit obligation (asset) at the beginning of the period. The components of defined benefit costs consist of service costs (current and past service costs and settlements), net interest expenses (revenues) and remeasurements.

The Group recognizes service costs and net interest expense (income) in profit or loss and remeasurements in other comprehensive income. The profit or loss from plan curtailments is treated as past service cost.

The defined benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available economic benefits of refunds and reductions in future contributions to the plan.

(b) Other long-term employee benefits

Other long-term employee benefits are employee benefits that are not expected to be settled before twelve months after the end of the annual reporting period in which the employees render the related service. Future benefits earned in exchange for services rendered in the current and past periods are discounted at present value for other long-term employee benefits. Changes resulting from remeasurement of other long-term employee benefits are recognized as profit or loss for the period in which they occur.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

18) Taxation

Income tax consists of current tax and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable income differs from profit (loss) before tax expenses, as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other periods. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the end of the reporting period. A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Parent Company supported by previous experience in respect of such activities and in certain cases based on the judgement of independent tax specialist.

(b) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable income will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the taxable or deductible temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income (taxable deficit) nor the accounting income.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable income against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model, the objective of which is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

(c) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income, or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(d) Tax uncertainties

Uncertain tax positions arise from tax treatments applied by the Group, which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, a claim for rectification brought by the Group, an appeal for a refund claimed from the tax authorities related to additional assessments or a tax investigation by the tax authorities. The Group recognizes its uncertain tax positions in the consolidated financial statements in accordance with K-IFRS No.1012 and Interpretation of K-IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes paid and levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable.

19) Earnings per share

Basic earnings per share is calculated by dividing net profit for the period available to common shareholders by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated using the weighted-average number of ordinary shares outstanding, adjusted to include the potentially dilutive effect of common equivalent shares outstanding.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

20) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS No.1102, *Share-Based Payment*; leasing transactions that are within the scope of K-IFRS No.1116, *Leases*; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS No.1002, *Inventories*, or value in use in K-IFRS No.1036, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described 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 is not based on observable market data, the instrument is included in Level 3. Examples include unlisted equity securities.

21) Operating Segments

The Group defines its segments based on internal reports that are reviewed periodically by management, including the chief operating decision-maker, in order to make decisions about the allocation of resources to segments and to assess their performance. Since the Group consists of only one segment, it does not disclose the segment's profit or loss for the period, nor the details of assets and liabilities by segment.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

3. SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgments in applying accounting policies

The following are the significant judgments, apart from those involving estimations (see Note 3.2) that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

1) Judgments in applying consolidation

The Parent Company has a 0.5% ownership interest in Super Series 11th Securitization Specialty Co., Ltd., Super Series 12th Securitization Specialty Co., Ltd. and Super Series 13th Securitization Specialty Co., Ltd., Super Series 14th Securitization Specialty Co., Ltd., Super Series 15th Securitization Specialty Co., Ltd., Super Series 16th Securitization Specialty Co., Ltd and Super Series 17th Securitization Specialty Co., Ltd. The directors of the Parent Company made an assessment as to whether the Parent Company has control over Super Series 11th Securitization Specialty Co., Ltd., Super Series 12th Securitization Specialty Co., Ltd. and Super Series 13th Securitization Specialty Co., Ltd., Super Series 14th Securitization Specialty Co., Ltd., Super Series 15th Securitization Specialty Co., Ltd., Super Series 16th Securitization Specialty Co., Ltd and Super Series 17th Securitization Specialty Co., Ltd in accordance with the definition of control and the related guidance set out in K-IFRS No.1110.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

3.2 Key sources of estimation uncertainty

Significant accounting judgment and key sources of estimation uncertainty at the end of reporting period having significant risk factors that can incur the material changes in the book amount of assets and liabilities of the Group for the following fiscal year are as follows:

1) Provision for impairment

The Group determines and recognizes provision for impairment through impairment testing on credit card assets, loan receivables and certain other assets. The Group also recognizes provisions for impairment of unused commitments. The accuracy of provision for impairment/provisions for credit losses is determined by the risk assessment methodology and assumptions used for estimating expected cash flows of the borrower for allowances on individual loans and collectively assessing allowances for Groups of loans and provisions for unused commitments.

2) Unearned revenue from point programs

The Group provides its customers with incentives to buy goods or services by providing points (customer loyalty programs) and allocates the fair value of the consideration received or receivable between the points granted (points) and the other components of the revenue transaction. The Group supplies the awards, such as discounted payments or free gifts. The consideration allocated to the points is measured by reference to their fair value, i.e., the amount for which the points could be sold separately. The fair value of the consideration allocated to the points is estimated by taking into account expected redemption rates, etc., and recognized as deferred revenue, until the Group fulfills its obligations to deliver the points to customers. The amount of revenue recognized is to be based on the number of points that have been redeemed in exchange for point, relative to the total number expected to be redeemed.

3) Postemployment Benefits: Defined Benefit Plans

The Group operates a defined benefit pension plan (the "Plan"). The amount recognized as a defined benefit liability is the present value of the defined benefit obligation, less the fair value of Plan assets at the end of the reporting period. The present value of defined benefit obligation is calculated annually by using actuarial assumptions, such as future increases in salaries, expected returns on plan assets, discount rate and others. The Plan has the uncertainty due to the nature of long-term plan. (see Note 13).

4) Fair Value Measurement of Financial Instruments

As disclosed in Note 32, the fair value of financial instruments classified as certain level is measured using valuation techniques, where significant inputs are not based on observable market data. The Group believes that valuation methods and assumptions used for measuring the fair value of financial instruments are appropriate.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

5) Income taxes

If certain portion of the taxable income is not used for investments or increase in wages and others, the Group is liable to pay additional income taxes in accordance with the related tax law. Accordingly, the Group reflects the tax effects when measuring the current and deferred income taxes. As the Group's income taxes are dependent on the investments, increase in wages and others, there is an uncertainty measuring the final tax effects.

4. CONSOLIDATED SUBSIDIARIES:

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

			Ownership interest held by the Group (%)		Closing month
			2024	2023	
	Main business	Location			
Super Series 9th SPC ¹	Asset securitization	Korea	-	0.5	December
Super Series 10th SPC ¹	Asset securitization	Korea	-	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
Super Series 17th 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 the Group. 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.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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

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

(In millions of
Korean won)

	2024				
	Assets	Liabilities	Operating income	Profit (loss) for the year	Comprehensive income (loss)
Super Series 11th SPC	₩ 350,158	₩ 350,158	₩ 7,710	₩ -	₩ -
Super Series 12th SPC	426,775	426,363	64,220	-	(555)
Super Series 13th SPC	350,310	350,309	14,989	-	-
Super Series 14th SPC	585,740	593,655	83,119	-	3,299
Super Series 15th SPC	583,644	588,113	94,421	-	1,134
Super Series 16th SPC	570,483	579,211	63,688	-	(6,646)
Super Series 17th SPC	400,423	400,423	525	-	-
Bluewalnut Co., Ltd.	127,641	99,139	164,445	(1,248)	(1,272)
Money Market Trust	1,487,000	-	861	861	861

(In millions of
Korean won)

	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 year ended December 31, 2024.

Name of subsidiary	Reason
Super Series 16th SPC	Establishment
Super Series 17th SPC	Establishment

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Subsidiaries excluded from the consolidation during the year ended December 31, 2024.

Name of subsidiary	Reason
Super Series 9th SPC	Liquidation
Super Series 10th SPC	Liquidation

Non-controlling interests

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.

5. RESTRICTED CASH AND DEPOSITS:

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

<i>(In millions of Korean won)</i>		2024	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	50,571	241,076	Deposits related to securitization, etc.
		₩ 73,689	₩ 264,194	

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

6. SECURITIES:

Securities as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Financial assets at fair value through profit or loss		
Debt securities	₩ 1,137,696	₩ 668,444
Equity securities	9,143	6,455
	<u>1,146,839</u>	<u>674,899</u>
Financial assets at fair value through other comprehensive income		
Equity securities ¹	4,688	9,359
Investments in subsidiaries	145	58
	<u>₩ 1,151,672</u>	<u>₩ 684,316</u>

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

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

	Location	Business Details	2024	2023
Modern Lion	Korea	NFT trading	41.00%	40.00%

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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

(In millions of
Korean won)

		2024					
						Gains (losses) on equity- method accounting ¹	Ending balance
	Cost	Beginning balance	Acquisitions	Disposals			
Modern Lion	₩ 1,904	₩ 58	₩ 1,160	₩ (56)	₩	₩ (1,017)	₩ 145

¹ It includes an impairment loss of KRW 286 million.

(In millions of
Korean won)

		2023					
						Gains (losses) on equity- method accounting	Ending balance
	Cost	Beginning balance	Acquisitions	Disposals			
Modern Lion	₩ 800	₩ 689	₩ -	₩ -	₩	₩ (631)	₩ 58

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

(In millions of
Korean won)

		2024				
		Assets	Liabilities	Net assets	Profit (loss) for the year	Comprehen sive income (loss)
Modern Lion	₩	₩ 705	₩ 350	₩ 355	₩ (1,784)	₩ (1,784)

(In millions of
Korean won)

		2023				
		Assets	Liabilities	Net assets	Profit (loss) for the year	Comprehen sive income (loss)
Modern Lion	₩	₩ 361	₩ 217	₩ 144	₩ (1,578)	₩ (1,578)

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

7. FINANCIAL ASSETS AT AMORTIZED COST:

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

(In millions of
Korean won)

	2024				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 15,558,796	₩ (3,704)	₩ (6,199)	₩ (261,752)	₩ 15,287,141
Corporates	1,252,047	-	-	(5,072)	1,246,975
Short-term card loan					
Household	803,258	-	-	(56,505)	746,753
Long-term card loan					
Household	5,787,427	-	(1,180)	(408,708)	5,377,539
Loan receivables					
Household	4,223	-	-	(1,130)	3,093
	₩ 23,405,751	₩ (3,704)	₩ (7,379)	₩ (733,167)	₩ 22,661,501

(In millions of
Korean won)

	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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in financial assets at amortized cost, which have significant impact on provisions for impairment for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	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	439,935	(439,760)	(175)	40,956	(40,955)	(1)
Transfer to assets measured at lifetime expected credit losses	(509,372)	509,424	(52)	(37,285)	37,285	-
Impairment	(133,301)	(54,652)	187,953	(15,283)	(10,747)	26,030
New origination and derecognition	1,474,666	27,019	28,827	149,870	64,265	27,374
Written off	-	-	(168,634)	-	-	(39,814)
Disposal and repurchase	(500,005)	-	(28,059)	-	-	(7,518)
Ending balance	₩ 15,860,727	₩ 885,742	₩ 64,374	₩ 602,732	₩ 184,969	₩ 15,557

(In millions of Korean won)

(In millions of Korean won)	2024													
	Long-term card loans						Loan receivables							
	Lifetime expected credit losses			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	₩	3,899,393	₩	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		216,856		(216,501)		(355)		34		(34)		-		-
Transfer to assets measured at lifetime expected credit losses		(373,713)		374,026		(313)		(6,592)		6,592		-		-
Impairment		(79,735)		(46,894)		126,629		(293)		(243)		536		-
New origination and derecognition		1,230,342		(74,645)		173,137		(6,342)		(4,802)		(170)		3,089,541
Written off		-		-		(189,020)		-		-		(366)		(397,834)
Disposal and repurchase		-		-		(128,570)		-		-		(45)		(664,197)
Ending balance	₩	4,893,143	₩	616,454	₩	277,830	₩	24	₩	3,769	₩	430	₩	23,405,751

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

	2023					
	Card receivables			Short-term card loans		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Not impaired	Impaired		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	689,459	(689,301)	(158)	25,237	(25,234)	(3)
Transfer to assets measured at lifetime expected credit losses	(416,239)	416,286	(47)	(21,890)	21,891	(1)
Impairment	(102,409)	(65,040)	167,449	(8,299)	(7,854)	16,153
New origination and derecognition	302,053	(175,683)	(4,425)	124,871	41,830	12,638
Written off	-	-	(158,270)	-	-	(30,999)
Disposal and repurchase	(146,201)	-	(17,166)	-	-	(2,924)
Ending balance	₩ 15,088,804	₩ 843,711	₩ 44,514	₩ 464,474	₩ 135,121	₩ 9,486

(In millions of Korean won)	2023													
	Long-term card loans						Loan receivables							
	Lifetime expected credit losses			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		297,651		(297,567)		(84)		832		(832)		-		-
Transfer to assets measured at lifetime expected credit losses		(276,796)		277,292		(496)		(1,358)		1,358		-		-
Impairment		(70,698)		(65,024)		135,722		(347)		(388)		735		-
New origination and derecognition		521,483		(270,318)		189,856		(5,514)		(2,394)		(13)		734,384
Written off		-		-		(238,386)		-		-		(507)		(428,162)
Disposal and repurchase		-		-		(10,218)		-		-		(72)		(176,581)
Ending balance	₩	3,899,393	₩	580,468	₩	296,322	₩	13,217	₩	2,256	₩	475	₩	21,378,241

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in provisions for impairment of financial assets at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	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	39,052	(38,936)	(116)	4,191	(4,191)	-
Transfer to assets measured at lifetime expected credit losses	(10,370)	10,400	(30)	(1,186)	1,186	-
Impairment	(91,951)	(41,195)	133,146	(10,909)	(8,487)	19,396
Written off	-	-	(168,634)	-	-	(39,814)
Recovered	-	-	13,861	-	-	3,930
Disposal and repurchase	(3,652)	-	(16,781)	-	-	(4,304)
Additional provisions	64,029	103,733	54,260	10,630	24,131	25,576
Ending balance	₩ 101,116	₩ 116,537	₩ 49,171	₩ 16,839	₩ 27,775	₩ 11,891

(In millions of Korean won)	2024													
	Long-term card loans						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	₩	109,828	₩	75,061	₩	159,760	₩	291	₩	227	₩	355	₩	601,886
Transfer between stages														
Transfer to assets measured at 12-month expected credit losses		28,669		(28,407)		(262)		2		(2)		-		-
Transfer to assets measured at lifetime expected credit losses		(12,032)		12,263		(231)		(139)		139		-		-
Impairment		(47,855)		(32,827)		80,682		(62)		(152)		214		-
Written off		-		-		(189,020)		-		-		(366)		(397,834)
Recovered		-		-		14,852		-		-		65		32,708
Disposal and repurchase		-		-		(74,355)		-		-		(8)		(99,100)
Additional (reversal of) provisions		77,470		61,395		173,717		(91)		557		100		595,507
Ending balance	₩	156,080	₩	87,485	₩	165,143	₩	1	₩	769	₩	360	₩	733,167

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

(In millions of Korean won)	2023											
	Card receivables						Short-term card loans					
	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	₩	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		53,634		(53,544)		(90)		2,432		(2,431)		(1)
Transfer to assets measured at lifetime expected credit losses		(5,413)		5,441		(28)		(557)		558		(1)
Impairment		(71,276)		(48,316)		119,592		(6,173)		(6,441)		12,614
Written off		-		-		(158,270)		-		-		(30,999)
Recovered		-		-		12,551		-		-		4,281
Disposal and repurchase		(1,562)		-		(10,434)		-		-		(1,840)
Additional provisions		40,592		65,458		26,921		9,295		12,189		11,878
Ending balance	₩	104,008	₩	82,535	₩	33,465	₩	14,113	₩	15,136	₩	7,107

(In millions of Korean won)

(In millions of Korean won)	2023													
	Long-term card loans						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	₩	92,692	₩	94,814	₩	124,393	₩	489	₩	814	₩	268		₩
Transfer between stages														
Transfer to assets measured at 12-month expected credit losses		28,144		(28,083)		(61)		76		(76)		-		-
Transfer to assets measured at lifetime expected credit losses		(8,804)		9,179		(375)		(37)		37		-		-
Impairment		(44,654)		(48,587)		93,241		(163)		(207)		370		-
Written off		-		-		(238,386)		-		-		(507)		(428,162)
Recovered		-		-		21,274		-		-		54		38,160
Disposal and repurchase		-		-		(6,707)		-		-		(46)		(20,589)
Additional (reversal of) provisions		42,450		47,738		166,381		(74)		(341)		216		422,703
Ending balance	₩	109,828	₩	75,061	₩	159,760	₩	291	₩	227	₩	355	₩	601,886

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

8. PROPERTY AND EQUIPMENT:

Details of property and equipment as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024			2023		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 395,312	₩ -	₩ 395,312	₩ 392,554	₩ -	₩ 392,554
Buildings	181,736	(35,759)	145,977	204,872	(35,909)	168,963
Vehicles	3,797	(1,868)	1,929	2,587	(1,591)	996
Fixtures and equipment	291,858	(222,280)	69,578	272,147	(211,300)	60,847
Construction in progress	13,769	-	13,769	8,965	-	8,965
	<u>₩ 886,472</u>	<u>₩ (259,907)</u>	<u>₩ 626,565</u>	<u>₩ 881,125</u>	<u>₩ (248,800)</u>	<u>₩ 632,325</u>

Changes in property and equipment for the years ended December 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	11,927	3,914	-	28,123	9,900	53,864
Reclassification						
Reclassification within account	-	308	1,210	3,578	(5,096)	-
Reclassification into selling and administrative expenses	-	-	-	-	-	-
Reclassification into intangible assets	-	-	-	1,432	-	1,432
Disposal	(9,169)	(22,324)	-	(266)	-	(31,759)
Depreciation	-	(4,884)	(277)	(24,136)	-	(29,297)
Ending balance	<u>₩ 395,312</u>	<u>₩ 145,977</u>	<u>₩ 1,929</u>	<u>₩ 69,578</u>	<u>₩ 13,769</u>	<u>₩ 626,565</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(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	196,270	43,803	12	31,147	7,704	278,936
Reclassification						
Reclassification within account	-	27,101	-	543	(27,644)	-
Reclassification into selling and administrative expenses	-	-	-	-	(21)	(21)
Reclassification into intangible assets	-	-	-	400	-	400
Disposal	(1,586)	(1,364)	-	(128)	-	(3,078)
Depreciation	-	(4,665)	(202)	(18,936)	-	(23,803)
Ending balance	₩ 392,554	₩ 168,963	₩ 996	₩ 60,847	₩ 8,965	₩ 632,325

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

9. INTANGIBLE ASSETS:

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

(In millions of Korean won)	2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book amount
Development cost	₩ 413,725	₩ (331,561)	₩ -	₩ 82,164
Software	95,688	(79,159)	-	16,529
Others	18,735	(18,733)	-	2
Construction in progress	9,662	-	-	9,662
Membership	22,566	-	(34)	22,532
	₩ 560,376	₩ (429,453)	₩ (34)	₩ 130,889

(In millions of Korean won)	2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book amount
Development cost	₩ 382,553	₩ (301,034)	₩ -	₩ 81,519
Software	89,916	(72,546)	-	17,370
Others	18,735	(18,733)	-	2
Construction in progress	12,499	-	-	12,499
Membership	20,653	-	(34)	20,619
	₩ 524,356	₩ (392,313)	₩ (34)	₩ 132,009

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in intangible assets for the years ended December 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	22,267	5,655	-	7,750	1,913	37,585
Reclassification						
Reclassification within account	8,941	118	-	(9,059)	-	-
Reclassification into selling and administrative expenses	(186)	-	-	(96)	-	(282)
Reclassification into property and equipment	-	-	-	(1,432)	-	(1,432)
Disposal	(37)	-	-	-	-	(37)
Amortization	(30,340)	(6,614)	-	-	-	(36,954)
Ending balance	₩ 82,164	₩ 16,529	₩ 2	₩ 9,662	₩ 22,532	₩ 130,889

(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	21,163	4,932	-	10,377	-	36,472
Reclassification						
Reclassification within account	6,255	165	-	(6,420)	-	-
Reclassification into selling and administrative expenses	(347)	-	-	(127)	-	(474)
Reclassification into property and equipment	-	-	-	(400)	-	(400)
Disposal	(159)	-	-	-	-	(159)
Amortization	(28,492)	(6,593)	-	-	-	(35,085)
Ending balance	₩ 81,519	₩ 17,370	₩ 2	₩ 12,499	₩ 20,619	₩ 132,009

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

10. LEASE:

The Group as a lessee

Changes in right-of-use assets for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 26,004	₩ 804	₩ -	₩ 26,808
Acquisitions	28,483	567	1,243	30,293
Disposal	(20,345)	(220)	-	(20,565)
Amortization	(13,233)	(258)	(249)	(13,740)
Other	161	-	-	161
Ending balance	₩ 21,070	₩ 893	₩ 994	₩ 22,957

(In millions of Korean won)	2023			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 253,284	₩ 758	₩ 68	₩ 254,110
Acquisitions	25,917	341	295	26,553
Disposal	(236,649)	(8)	-	(236,657)
Amortization	(17,119)	(287)	(363)	(17,769)
Other	571	-	-	571
Ending balance	₩ 26,004	₩ 804	₩ -	₩ 26,808

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

(In millions of Korean won)	2024	2023
Less than one year	₩ 15,333	₩ 18,108
Between one year and five years	8,332	9,958
Lease liabilities before discount	₩ 23,665	₩ 28,066

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

The consolidated statements of comprehensive income for the years ended December 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	₩ 954	₩ 4,005
Expense relating to leases of low-value assets (included in selling and administrative expenses)	268	83

The total cash outflow for leases for the years ended December 31, 2024 and 2023, was as follows:

<i>(In millions of Korean won)</i>	2024	2023
Total cash outflow for leases	₩ 12,756	₩ 15,350

Operating lease – The Group as a lessor

The Group provides some of its owned properties as operating leases, with the expected maximum lease term extending until 2028. The lessee does not have a purchase option to acquire the leased asset at the expiration of the lease term.

The analysis of maturity of operating leases recognized in the consolidated statements of financial position as of December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>	2024	2023
Within one year	₩ 2,554	₩ 4,973
One year to five years	898	1,816
	<u>₩ 3,452</u>	<u>₩ 6,789</u>

The amount recognized as profit the years ended December 31, 2024 and 2023, was as follows:

<i>(In millions of Korean won)</i>	2024	2023
The amount recognized as profit	₩ 1,950	₩ 1,023

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

11. OTHER ASSETS:

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

(In millions of Korean won)

	2024					
	Other assets		Provision for impairment		Book amount	
Other receivables	₩	139,194	₩	(9,479)	₩	129,715
Accrued revenue		104,241		(3,389)		100,852
Guarantee deposits provided		6,965		-		6,965
Prepayments		58,687		(461)		58,226
Prepaid expenses		82,196		-		82,196
Other assets		8,738		-		8,738
	₩	400,021	₩	(13,329)	₩	386,692

(In millions of Korean won)

	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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in provisions of other assets for the years ended December 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 provisions	7,828	854	254
Ending balance	₩ 9,479	₩ 3,389	₩ 461

(In millions of Korean won)

	2023		
	Other receivables	Accrued revenue	Prepayments
Beginning balance	₩ 493	₩ 2,559	₩ 97
Additional (reversal of) provisions	1,158	(24)	110
Ending balance	₩ 1,651	₩ 2,535	₩ 207

12. BORROWINGS:

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

(In millions of Korean won)

			Annual interest rate (%)	2024
Short-term borrowings				
Commercial paper	Shinhan Bank and others	3.52 ~ 4.54	₩	229,198
Borrowings ¹	Citi Bank and others	3.61 ~ 4.81		240,000
				469,198
Current portion of long-term borrowings				
Commercial paper	BNK Securities and others	1.74 ~ 4.74		1,331,276
Borrowings ¹	KEB Hana Bank and others	3.51 ~ 6.02		425,556
				1,756,832
Long-term borrowings				
Commercial paper	Kiwoom Securities and others	1.81 ~ 4.70		111,567
Borrowings ¹	KDB Bank and others	3.56 ~ 6.18		480,000
				591,567
			₩	2,817,597

¹ Interest rate after considering swaps

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)			Annual interest rate (%)	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
				447,166
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
				808,997
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
				2,027,119
			₩	3,283,282

¹ Interest rate after considering swaps

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

(In millions of Korean won)		Maturity	Annual interest rate (%)	2024
Short-term debentures	2025.01	4.03 ~ 4.37	₩	155,000
Current portion of debentures ¹	2025.01 ~ 2025.12	1.64 ~ 6.63		3,696,300
Long-term debentures ¹	2026.01 ~ 2032.03	1.67 ~ 6.61		13,500,627
				17,351,927
Discounts on debenture				(24,321)
			₩	17,327,606

¹ Interest rate after considering swaps

(In millions of Korean won)		Maturity	Annual interest rate (%)	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
				13,546,118
Discounts on debenture				(12,027)
			₩	13,534,091

¹ Interest rate after considering swaps

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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 debenture and amortized using the effective interest rate method.

13. POSTEMPLOYMENT BENEFITS:

13.1 Defined Contribution Plan

The expense recognized in the consolidated statements of comprehensive income related to postemployment benefit under the defined contribution plan for the years ended December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Defined contribution plan	₩	1,545	₩	1,618

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.

The amounts recognized in the consolidated statements of financial position related to defined benefit plan as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Present value of defined benefit obligation	₩	(129,656)	₩	(109,663)
Fair value of plan assets		131,999		120,272
Transferred to National Pension Fund		10		10
Net defined benefit assets	₩	2,353	₩	10,619

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Adjustment details of net defined benefit liabilities(assets)

Changes in present value of net defined benefit liabilities(assets) for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

(In millions of Korean won)	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)
Contributions from the employer		-		(14,609)		-		(14,609)
Current service cost		12,423		-		-		12,423
Interest expense (income)		4,502		(4,807)		-		(305)
Return on plan assets (excluding amounts included in interest income)		-		(791)		-		(791)
Actuarial gain/loss from change in demographic assumptions		1		-		-		1
Actuarial gain/loss from change in financial assumptions		3,952		-		-		3,952
Actuarial gain/loss from experience adjustments		7,836		-		-		7,836
Transfer of employees between the Group and its related companies		284		(346)		-		(62)
Benefits paid		(9,005)		8,826		-		(179)
Ending balance	₩	129,656	₩	(131,999)	₩	(10)	₩	(2,353)

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

(In millions of Korean won)

	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)
Contributions from the employer		-		(4,855)		-		(4,855)
Current service cost		11,464		-		-		11,464
Interest expense (income)		4,808		(5,880)		-		(1,072)
Return on plan assets (excluding amounts included in interest income)		-		650		-		650
Actuarial gain/loss from change in demographic assumptions		(215)		-		-		(215)
Actuarial gain/loss from change in financial assumptions		7,007		-		-		7,007
Actuarial gain/loss from experience adjustments		3,063		-		-		3,063
Transfer of employees between the Group and its related companies		405		(343)		-		62
Benefits paid		(8,080)		7,979		-		(101)
Ending balance	₩	109,663	₩	(120,272)	₩	(10)	₩	(10,619)

Details of fair values of plan assets as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Time deposits and others	₩ 131,999	100.00	₩ 120,272	100.00
	₩ 131,999	100.00	₩ 120,272	100.00

Actuarial assumptions as of December 31, 2024 and 2023, are as follows:

(In percentage, %)	2024	2023
Discount rate	3.79	4.35
Expected rate of salary increase (executive)	3.00	3.00
Expected rate of salary increase (employee)	3.70	3.77

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

When all the other assumptions are maintained, if the significant actuarial assumptions change within possible and reasonable ranges, the impacts on defined benefit obligations, as of December 31, 2024 and 2023, are as follows:

	2024			
	Increase		Decrease	
100 basis point (bp) change in discount rate	₩	(7,127)	₩	7,922
1% change in future wage growth rate		7,990		(7,315)

	2023			
	Increase		Decrease	
100 basis-point change in discount rate	₩	(6,098)	₩	6,778
1% change in future wage growth rate		6,875		(6,291)

The above sensitivity analysis does not represent actual changes of defined benefit obligations as the actuarial assumptions do not change independently; this is because there are correlations between the actuarial assumptions. The present value of defined benefit obligations is determined by the same method as the projected unit credit method used in calculating defined benefit obligations in the consolidated statements of financial position.

The expected weighted-average duration of the defined benefit obligation as of December 31, 2024, is 6 years. Expected contributions to postemployment benefit plans for the year ending December 31, 2025, are ₩14,076 million. Due to uncertainty, expected contributions may differ from actual results.

The expected maturity analysis of defined benefit obligation As of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024									
	Less than 1 year		Between 1 -5 years		Between 5-10 years		More than 10 years		Total	
Defined benefit obligations	₩	12,944	₩	62,517	₩	32,411	₩	21,784	₩	129,656
(In millions of Korean won)	2023									
	Less than 1 year		Between 1 -5 years		Between 5-10 years		More than 10 years		Total	
Defined benefit obligations	₩	11,204	₩	44,137	₩	32,054	₩	22,268	₩	109,663

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

13.3 Long-term employee benefits:

Changes in present value of long-term employee benefit liabilities for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Beginning balance	₩	5,192	₩	6,583
Current service cost		383		532
Interest expense		208		315
Actuarial gain (loss)		1,199		(840)
Benefits paid		(466)		(1,398)
Ending balance	₩	6,516	₩	5,192

When all the other assumptions are maintained, if the significant actuarial assumptions change within possible and reasonable ranges, the impacts on long-term employee benefits as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	
	Increase	Decrease
100 basis-point change in discount rate	₩ (329)	₩ 364
1% change in future wage growth rate	366	(337)

<i>(In millions of Korean won)</i>	2023	
	Increase	Decrease
100 basis-point change in discount rate	₩ (263)	₩ 290
1% change in future wage growth rate	294	(271)

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

14. PROVISIONS:

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

<i>(In millions of Korean won)</i>	2024		2023	
Provision for unused commitment	₩	115,362	₩	127,027
Provision for point programs		42,471		38,202
Provision for restoration		1,960		1,999
	₩	159,793	₩	167,228

Changes in provision for unused commitment for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024			
	12-month expected credit losses	Lifetime expected credit losses			Total
		Not impaired	Impaired		
Beginning balance	₩ 96,053	₩ 30,974	₩ -	₩	127,027
Transfer between categories					
Transfer to assets measured at 12-month expected credit losses	22,323	(22,323)	-		-
Transfer to assets measured at lifetime expected credit losses	(3,996)	3,996	-		-
Impairment	(5)	(6)	11		-
Provision (reversal)	(35,281)	23,627	(11)		(11,665)
Ending balance	₩ 79,094	₩ 36,268	₩ -	₩	115,362

<i>(In millions of Korean won)</i>		2023			
	12-month expected credit losses	Lifetime expected credit losses			Total
		Not impaired	Impaired		
Beginning balance	₩ 77,835	₩ 20,163	₩ -	₩	97,998
Transfer between categories					
Transfer to assets measured at 12-month expected credit losses	11,760	(11,760)	-		-
Transfer to assets measured at lifetime expected credit losses	(2,741)	2,741	-		-
Impairment	(4)	(5)	9		-
Provision (reversal)	9,203	19,835	(9)		29,029
Ending balance	₩ 96,053	₩ 30,974	₩ -	₩	127,027

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Changes in provisions for point programs for the years ended December 31, 2024 and 2023, are as follows:

	2024		2023	
	Point	Customer loyalty	Point	Customer loyalty
Beginning balance	₩ 31,325	₩ 6,877	₩ 27,904	₩ 5,218
Provision (reversal)	5,411	(1,142)	3,421	1,659
Ending balance	<u>₩ 36,736</u>	<u>₩ 5,735</u>	<u>₩ 31,325</u>	<u>₩ 6,877</u>

Changes in provisions for restoration for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
Beginning balance	₩ 1,999	₩ 4,070
Reversal	(2,369)	(3,905)
Others	2,330	1,834
Ending balance	<u>₩ 1,960</u>	<u>₩ 1,999</u>

Provision for restoration is the present value of the best estimate of future restoration costs for leased stores at the end of the current period, discounted at an appropriate rate. The expenditure for these restoration costs is expected to occur at the end of the lease contract for each individual leased store. Additionally, to estimate the expected restoration costs, the average actual restoration costs of stores where restoration work occurred in the past and the average inflation rate over the past four years were used.

15. OTHER LIABILITIES:

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

	2024	2023
Accounts payable	₩ 1,999,267	₩ 2,163,249
Accrued expenses	243,873	212,329
Withholdings	96,727	127,085
Guarantee deposit received	12,523	11,968
Unearned revenue	539,303	489,857
	<u>₩ 2,891,693</u>	<u>₩ 3,004,488</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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

<i>(In millions of Korean won)</i>		2024		2023
Point programs (point deferred revenue)	₩	378,649	₩	348,752
Annual subscription		160,509		140,894
Others		145		211
	₩	<u>539,303</u>	₩	<u>489,857</u>

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

<i>(In millions of Korean won)</i>		2024		2023
Beginning balance	₩	348,752	₩	329,286
Deferred revenue		418,908		378,622
Revenue recognition		(389,011)		(359,156)
Ending balance	₩	<u>378,649</u>	₩	<u>348,752</u>

16. DERIVATIVES AND HEDGE ACCOUNTING:

Derivative instruments held for trading

As of December 31, the Group does not have derivative instruments held for trading. The loss recognized in the statement of comprehensive income related to derivatives held for trading amounted to KRW 54 million for the year ended December 31, 2024.

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 forecast cash flows affect profit or loss.

The Group shall discontinue prospectively if 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 forecast transaction is no longer expected to occur, in which case, any

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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 and debentures, caused by changes in market interest rates or in foreign currency rates using derivative instruments, such as an interest rate swap or currency swap.

The Group is exposed to indicator interest rates (KRW CD and KRW CMS) within the hedging relationship subject to interest rate indicator reform. The hedged items include won-denominated variable-rate borrowings issued (see Note 12), which have the same swap, maturity and nominal amounts. The nominal amounts of hedging instruments related to KRW CD and KRW CMS among the hedging relationships of the Group are KRW 1,435,556 million and KRW 1,260,000 million, respectively. The Group is closely monitoring market and industry discussions regarding applicable alternative benchmark interest rates on exposed interest rate indicators, and believes that this uncertainty will no longer appear when exposed interest indicators are replaced by applicable interest rates.

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 December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income ¹
Interest rate swap	₩ 2,695,556	₩ 17,061	₩ 10,874	₩ 6,145
Current rate swap	2,921,927	215,347	-	(21,290)
	<u>₩ 5,617,483</u>	<u>₩ 232,408</u>	<u>₩ 10,874</u>	<u>₩ (15,145)</u>
(In millions of Korean won)	2023			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income ¹
Interest rate swap	₩ 3,002,222	₩ 37,819	₩ 7,529	₩ 24,654
Current rate 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.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

The unsettled contract amount is the amount converted based on the exchange rate at the end of the reporting period, using the contract amount in foreign currency for transactions between Korean won and foreign currencies, and the contract amount in purchased foreign currency for transactions between foreign currencies.

The maximum period for the Group 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 loss recognized as ineffective portion in relation to cash flow hedge is ₩8,585 million for the year ended December 31, 2024.

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

(In millions of Korean won)	Less than 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Nominal amount of hedged item	₩ 1,231,856	₩ 1,496,562	₩ 1,764,065	₩ 320,000	₩ 765,000	₩ 40,000	₩ 5,617,483
Nominal amount of hedging instrument	1,231,856	1,496,562	1,764,065	320,000	765,000	40,000	5,617,483
Average hedge ratio	100%	100%	100%	100%	100%	100%	100%

Details of hedging instrument as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Nominal amount of hedging instrument	Book value of hedging instrument		Account of hedging instrument	Change in value used to calculate the ineffective portion of hedging	
		Assets	Liabilities			
Cash flow hedge :						
Interest rate risk Swap	₩ 2,695,556	₩ 17,061	₩ 10,874	Derivative assets/liabilities	₩	(21,325)
Interest rate risk and foreign currency risk swap	2,921,927	215,347	-	Derivative assets/liabilities		260,429
	₩ 5,617,483	₩ 232,408	₩ 10,874		₩	239,104

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(In millions of
Korean won)

	2023				
	Nominal amount of hedging instrument	Book value of hedging instrument		Account of hedging instrument	Change in value used to calculate the ineffective portion of hedging
		Assets	Liabilities		
Cash flow hedge :					
Interest rate risk					
Swap	₩ 3,002,222	₩ 37,819	₩ 7,529	Derivative assets/liabilities	₩ (48,960)
Interest rate risk and foreign currency risk swap	1,547,020	11,473	49,034	Derivative assets/liabilities	(38,248)
	₩ 4,549,242	₩ 49,292	₩ 56,563		₩ (87,208)

Book value of hedged item and adjustments by application of hedging accounting as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024				
	Book value of hedged item		Account including hedged item	Change in value used to calculate the ineffective portion of hedging	Reserve for cash flow hedges ¹
	Assets	Liabilities			
Cash flow hedge:					
Interest rate risk					
Swap	₩ -	₩ 2,694,484	Borrowings	₩ (22,697)	₩ 6,145
Interest rate risk and foreign currency risk					
Swap	-	2,907,355	Borrowings	261,293	(21,290)
	₩ -	₩ 5,601,839	Borrowings	₩ 238,596	₩ (15,145)

¹ The amount is net of tax expense.

(In millions of Korean won)	2023				
	Book value of hedged item		Account including hedged item	Change in value used to calculate the ineffective portion of hedging	Reserve for cash flow hedges ¹
	Assets	Liabilities			
Cash flow hedge:					
Interest rate risk					
Swap	₩ -	₩ 3,000,882	Borrowings	₩ 49,733	₩ 24,654
Interest rate risk and foreign currency risk					
Swap	-	1,520,345	Borrowings	37,052	(6,169)
	₩ -	₩ 4,521,227	Borrowings	₩ 86,785	₩ 18,485

¹ The amount is net of tax expense.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

17. SHARE CAPITAL:

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

<i>(In millions of Korean won and in number of shares)</i>	December 31, 2024	December 31, 2023
Type of share	Ordinary share	Ordinary share
Number of authorized shares	600,000,000	600,000,000
Par value per share <i>(In Korean won)</i>	₩ 5,000	₩ 5,000
Number of issued shares	160,465,286	160,465,286
Share capital	₩ 802,326	₩ 802,326

18. RESERVES:

Reserves as of December 31, 2024 and 2023, consist of the following:

<i>(In millions of Korean won)</i>	2024	2023
Share premium	₩ 45,399	₩ 45,399
Other reserves	12,305	12,305
	₩ 57,704	₩ 57,704

19. HYBRID SECURITIES:

Details of hybrid securities classified as equity as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	Issue date	Maturity date	Interest rate	2024	2023
876 th Bond-type hybrid securities ¹	2023.07.12	2053.07.12	6.00%	₩ 160,000	₩ 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)	(410)
				₩ 299,230	₩ 159,590

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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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 6.00% 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

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 01, 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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

20. RETAINED EARNINGS:

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

<i>(In millions of Korean won)</i>		2024		2023
Legal reserves ¹	₩	106,971	₩	93,716
Reserves for electronic financial transaction (Note 37)		1,000		1,000
Regulatory reserve for credit losses (Note 22)		856,219		1,131,719
Unappropriated retained earnings		2,005,735		1,579,122
	₩	<u>2,969,925</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 years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Beginning balance	₩	2,805,557	₩	2,613,156
Profit for the year		316,402		265,106
Dividends paid		(132,544)		(60,977)
Distribution from hybrid securities		(16,730)		(11,728)
Transfer to other capital adjustments		(760)		-
Gain (loss) on financial assets at fair value though other comprehensive income		(2,000)		-
Ending balance	₩	<u>2,969,925</u>	₩	<u>2,805,557</u>

Dividends paid for the year ended December 31, 2024, are as follows:

	Total number of ordinary shares issued <i>(In shares)</i>	Total number of shares for dividends <i>(In shares)</i>	Dividend per share <i>(In Korean won)</i>	Total dividend <i>(In millions of Korean won)</i>
Ordinary shares	160,465,286	160,465,286	₩ 826	₩ 132,544

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

21. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Changes in accumulated other comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Beginning balance	Changes			Transfer from retained earnings	Ending balance
		Reclassification of profit or loss	Others	Tax effects		
Gain (loss) on valuation of derivatives	₩ 18,485	₩ (275,282)	₩ 231,293	₩ 10,359	₩ -	₩ (15,145)
Remeasurements of net defined benefit liabilities	(13,013)	-	(10,997)	2,718	-	(21,292)
Gain (loss) on valuation of financial assets at fair value though other comprehensive income	582	-	(1,871)	(35)	2,000	676
Gain on foreign operations translation	-	-	142	-	-	142
	<u>₩ 6,054</u>	<u>₩ (275,282)</u>	<u>₩ 218,567</u>	<u>₩ 13,042</u>	<u>₩ 2,000</u>	<u>₩ (35,619)</u>

(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	₩ (20,505)	₩ (57,738)	₩ 19,281	₩ 18,485
Remeasurements of net defined benefit liabilities	(4,885)	-	(10,489)	2,361	(13,013)
Gain (loss) on valuation of financial assets at fair value though other comprehensive income	574	-	-	8	582
	<u>₩ 73,136</u>	<u>₩ (20,505)</u>	<u>₩ (68,227)</u>	<u>₩ 21,650</u>	<u>₩ 6,054</u>

Cash flow hedging reserve represents the effective portion of cumulative gains or losses of hedging instruments in hedge accounting. The cumulative deferred gains or losses of hedging instruments are reclassified to income (loss) for the period when gains or losses of the hedged item are reflected in income (loss) or are reflected in the initial book amount of non-financial hedged item in accordance with relevant accounting policy.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

22. REGULATORY RESERVE FOR CREDIT LOSSES:

Regulatory reserve for credit losses is calculated and disclosed in accordance with Article 11, Supervisory Regulation of Specialized Credit Financial Business Law.

Details of regulatory reserves for credit losses as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Beginning	₩ 856,219	₩ 1,131,719
Amount estimated to be appropriated (reversed)	(137,228)	(275,500)
Ending	₩ 718,991	₩ 856,219

Estimated provision of reserves for credit losses and adjusted profit after provision of reserves for credit losses for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Profit for the year	₩ 316,402	₩ 265,106
Provision (reversal) of regulatory reserve for credit losses	(137,228)	(275,500)
Adjusted profit after provision of regulatory reserve for credit losses	₩ 453,630	₩ 540,606
Earnings per share after provision of reserves for credit losses <i>(in Korean won)</i>	₩ 2,827	₩ 3,369

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

23. CARD INCOME AND EXPENSE:

Details of card income and expense for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Card income:				
Agent commission ¹	₩	1,630,026	₩	1,629,144
Commission income from life service		68,447		60,793
Overseas commission income		135,677		112,344
Income from annual subscription		339,787		284,498
Others		168,168		143,111
Deduction from revenue ²		(588,725)		(598,690)
	₩	1,753,380	₩	1,631,200
Card expense:				
Acquisition fee	₩	86,801	₩	85,008
Promotion		248,069		259,159
Service fee ¹		812,244		762,773
Financial service fee		4,174		3,220
A new credit sale handling fee		210,435		198,158
Overseas payment fee		120,369		93,491
Card issuance expenses		46,218		46,832
Others		81,630		71,315
Deduction from expense ²		(588,725)		(598,690)
	₩	1,021,215	₩	921,266

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 is as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Decrease in card income	₩	471,588	₩	423,243
Decrease in card expense		471,588		423,243

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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

24. INTEREST INCOME AND EXPENSE:

Interest income and expense for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Interest income:				
Income from instalment service	₩	468,142	₩	360,986
Income from short-term card loan		106,533		69,149
Income from long-term card loan (general card loan)		658,227		550,735
Income from long-term card loan (refinancing loan)		10,280		10,928
Revolving interest income		182,015		176,208
Loans receivable income		1,003		3,064
Other interest income		76,109		78,736
	₩	<u>1,502,309</u>	₩	<u>1,249,806</u>
Interest expense:				
Expense from borrowings	₩	135,170	₩	134,582
Expense from debentures		580,339		429,437
Expense from others		1,107		4,160
	₩	<u>716,616</u>	₩	<u>568,179</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

25. OTHER OPERATING INCOME AND EXPENSES:

Other operating income and expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Other operating income:				
Gain on foreign currency transactions	₩	48,973	₩	48,378
Gain on foreign currency translations		110		13,840
Gain on derivative transactions		4,321		16,276
Gain on valuation of derivatives		280,220		24,849
Others		349,734		220,870
	₩	<u>683,358</u>	₩	<u>324,213</u>
Other operating expenses:				
Loss on foreign currency transactions	₩	22,816	₩	32,623
Loss on foreign currency translations		270,961		24,857
Loss on derivative transactions		54		6,780
Loss on valuation of derivatives		674		18,211
Others		86,004		64,891
	₩	<u>380,509</u>	₩	<u>147,362</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

26. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Salaries	₩	231,492	₩	205,575
Postemployment benefits		26,054		14,074
Employee benefits		37,826		35,594
Travel expenses		2,988		2,242
Communication expenses		18,982		20,611
Postal expenses		10,904		11,047
Rental expenses		14,774		14,568
Taxes and dues		35,365		29,583
Repair and maintenance expenses		1,633		1,529
Insurance premiums		1,428		1,130
Entertainment expenses		763		941
Advertising expenses		74,856		83,553
Supply expenses		3,031		2,637
Vehicle maintenance expenses		27		30
Periodicals expenses		182		236
Publication expenses		3,807		2,435
Training expenses		3,091		1,448
IT expenses		68,106		61,453
Expense for temporary staff		20,159		19,295
Professional service expenses		125,330		128,346
Delivery commission		1,465		1,583
Commission expenses		42,771		40,681
Business activity expenses		455		424
Construction expenses		2,706		7,381
Depreciation		29,297		23,803
Amortization		36,954		35,085
Depreciation of right-of-use assets		13,740		17,769
Event expenses		2,013		1,130
Conference expenses		843		1,018
Building administrative expenses		14,281		14,516
	₩	825,323	₩	779,717

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

27. NON-OPERATING INCOME AND EXPENSES:

Non-operating income and expenses for the years ended December 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	₩ 12	₩ 880
Rental fee income	3,624	2,677
Gain on equity method	244	-
Miscellaneous profit	286	373
	<u>₩ 4,166</u>	<u>₩ 3,930</u>
Non-operating expenses:		
Loss on disposal of property and equipment and intangible assets	₩ 4,295	₩ 1,113
Donation	3,739	1,522
Loss on equity method	1,017	631
	<u>₩ 9,051</u>	<u>₩ 3,266</u>

28. TAX EXPENSE:

Income tax expense for the years ended December 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)	₩ 93,701	₩ 75,152
Changes in deferred tax assets by temporary differences ¹	(21,952)	(11,157)
Total tax effect	71,749	63,995
Income tax expense reflected directly to equity	13,042	21,650
Income tax expense	<u>₩ 84,791</u>	<u>₩ 85,645</u>
¹ Ending net deferred tax assets due to temporary differences	₩ 152,754	₩ 130,802
Beginning net deferred tax assets due to temporary differences	130,802	119,645
Changes in net deferred tax assets due to temporary differences	(21,952)	(11,157)

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

A reconciliation between income before income tax and income tax expense for the years ended December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Profit before income tax	₩	401,193	₩	350,751
Income tax based on statutory tax		95,553		82,236
Add (deduct):				
Others		(10,762)		3,409
		(10,762)		3,409
Income tax expense for continuing operations	₩	84,791	₩	85,645
Effective tax rate from operations		21.13%		24.42%

Changes in the temporary differences and related deferred tax assets and liabilities for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024					
	Temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance¹	Ending balance	
Defined benefit obligation	₩ 72,390	₩ 17,757	₩ 90,147	₩ 16,864	₩ 21,505	
Provision for unused commitments	127,027	(11,665)	115,362	29,592	27,520	
Accrued expenses	93,266	7,047	100,313	21,727	23,930	
Provisions for point programs	38,202	4,269	42,471	8,899	10,132	
Unearned revenue (customer loyalty program)	348,752	29,897	378,649	81,245	90,329	
Prepaid expenses (save point)	(60,524)	(1,072)	(61,596)	(14,100)	(14,694)	
Derivatives	(13,631)	35,405	21,774	(3,175)	5,194	
Provisions	1,987	(27)	1,960	463	468	
Plan assets	(81,605)	(10,726)	(92,331)	(19,011)	(22,026)	
Others	35,616	7,960	43,576	8,298	10,396	
	₩ 561,480	₩ 78,845	₩ 640,325	₩ 130,802	₩ 152,754	

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

	2023					
	Temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance	
Defined benefit obligation	₩ 55,992	₩ 16,398	₩ 72,390	₩ 13,620	₩ 16,864	
Provision for unused commitments	97,998	29,029	127,027	23,838	29,592	
Accrued expenses	100,468	(7,202)	93,266	24,439	21,727	
Provisions for point programs	33,122	5,080	38,202	8,057	8,899	
Unearned revenue (customer loyalty program)	329,286	19,466	348,752	80,100	81,245	
Prepaid expenses (save point)	(57,853)	(2,671)	(60,524)	(14,073)	(14,100)	
Derivatives	(96,244)	82,613	(13,631)	(23,412)	(3,175)	
Provisions	4,057	(2,070)	1,987	987	463	
Plan asstes	(55,992)	(25,613)	(81,605)	(13,620)	(19,011)	
Others	81,016	(45,400)	35,616	19,709	8,298	
	₩ 491,850	₩ 69,630	₩ 561,480	₩ 119,645	₩ 130,802	

Income tax expenses reflected directly to equity for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		
	Beginning balance	Increase (decrease)	Ending balance
Tax effect related to cash flow hedges	₩ (5,614)	₩ 10,359	₩ 4,745
Tax effect related to remeasurements of net defined benefit liabilities	3,951	2,718	6,669
Tax effect related to Gain on valuation of financial assets at fair value though other comprehensive income	(177)	(35)	(212)
	₩ (1,840)	₩ 13,042	₩ 11,202

(In millions of Korean won)

	2023		
	Beginning balance	Increase (decrease)	Ending balance
Tax effect related to cash flow hedges	₩ (24,895)	₩ 19,281	₩ (5,614)
Tax effect related to remeasurements of net defined benefit liabilities	1,590	2,361	3,951
Tax effect related to Gain on valuation of financial assets at fair value though other comprehensive income	(185)	8	(177)
	₩ (23,490)	₩ 21,650	₩ (1,840)

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

29. EARNINGS PER SHARE:

(a) Basic earnings per share for the years ended December 31, 2024 and 2023, are as follows:

<i>(In Korean won)</i>	<u>2024</u>	<u>2023</u>
Profit for the year	₩ 316,402,323,632	₩ 265,106,125,497
(-) Distribution from hybrid securities	16,730,386,955	11,728,532,608
Profit attributable to ordinary shares (A)	299,671,936,677	253,377,592,889
Weighted-average number of ordinary shares outstanding (B) (in shares)	160,465,286	160,465,286
Basic earnings per share (A/B)	<u>₩ 1,868</u>	<u>₩ 1,579</u>

There are no discontinued operations for the years ended December 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.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

30. FINANCIAL RISK MANAGEMENT:

30.1 Risk management policy

(a) Overall

The Group is exposed to various financial risks and non-financial risks.

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks; the Group's objectives, policies and processes for measuring and managing risk.

(b) Risk management system

Main decision-making related to risk management is conducted through the risk management committee under the Board of directors. The risk control committee is operated to review and confirm the details of managing risks and developing the strategies and carry out efficient risk management operations.

The risk management policy of the Group is designed to identify and analyze the risks faced by the Group, to set appropriate risk restrictions and controls and to monitor whether the Group complies with risks and restrictions. The risk management policies and systems are regularly reviewed to reflect market conditions and changes in offered products and services. The Group aims to make an organized control environment in which all employees understand and comply with their roles and duties through education, training and systematic management standards and procedures.

30.2 Credit risk

(a) General information

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the Group's loan and card assets.

The Group evaluates credit risk monthly or more frequently if necessary. Credit risk is calculated based on the book amount of the asset under measurement, and the Group uses Default Model methodology in line with Basel II requirements to evaluate expected and unexpected losses.

The corporate-level credit risk limit and each segment-level credit risk limit are set and managed by reflecting the growth potential and changes in properties of assets. Risk management department monitors compliance of risk limits, and if the limits are exceeded, the department reports the cause and countermeasure to the management.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(b) Level of exposure to credit risk

The maximum exposure to credit risk as of December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>	2024		2023	
Cash and deposit	₩	2,021,886	₩	1,126,825
Financial assets at fair value through profit or loss		1,137,696		668,444
Financial assets at amortized cost ¹		22,661,501		20,763,584
Derivative assets		232,408		49,292
Other financial assets ^{1,2}		237,532		205,564
Unused commitment		82,595,282		86,724,637
	₩	<u>108,886,305</u>	₩	<u>109,538,346</u>

¹ Assets are presented at book amount after provision for impairment.

² Other financial assets consist of other receivable, accrued revenue and Guarantee deposits provided.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(c) Analysis of credit qualities of financial assets

The credit qualities for financial assets at amortized cost as of December 31, 2024 and 2023, are summarized as follows:

(In millions of Korean won)		2024										
		Card receivables			Short-term card loan			Long-term card loan				
		12-month		Lifetime expected credit losses	12-month expected credit losses		Lifetime expected credit losses		12-month expected credit losses		Lifetime expected credit losses	
Grade ¹	expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired			
1	₩ 2,133,914	₩ 11,005	₩ 107	₩ 573	₩ -	₩ -	₩ 104,309	₩ 126	₩ 54			
2	2,833,850	7,484	218	1,932	-	-	228,017	445	137			
3	2,867,716	4,212	281	4,022	1	-	354,618	1,466	279			
4	2,039,272	16,890	252	12,746	4	-	410,509	2,101	185			
5	1,706,537	28,494	943	43,558	131	27	601,171	4,275	621			
6	1,242,375	34,415	406	70,490	319	17	600,645	9,213	1,064			
7	1,035,154	36,014	386	101,712	1,607	44	606,065	18,889	1,232			
8	854,956	74,829	1,425	125,088	12,457	260	579,385	28,778	1,442			
9	555,934	80,181	966	114,583	18,444	220	600,420	49,994	3,002			
10	308,467	203,667	1,247	69,001	53,990	359	379,021	86,784	199,358			
11	201,272	199,142	1,455	46,288	56,389	449	197,551	68,466	2,802			
12	67,829	146,691	1,842	12,166	34,559	474	159,139	152,940	5,909			
13	410	16,957	521	22	2,245	93	71,173	84,888	5,735			
14	538	8,151	909	6	755	73	-	69,799	5,133			
15	1,943	17,021	54,663	544	4,068	13,542	-	38,229	50,878			
Total ²	15,850,167	885,153	65,621	602,731	184,969	15,558	4,892,023	616,393	277,831			
Provisions for impairment and unused commitment	101,116	116,537	49,171	16,839	27,775	11,891	156,080	87,485	165,142			
Book amount	₩ 15,749,051	₩ 768,616	₩ 16,450	₩ 585,892	₩ 157,194	₩ 3,667	₩ 4,735,943	₩ 528,908	₩ 112,689			

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

		2024										
(In millions of Korean won)		Loan receivables						Unused credit limit				
		12-month expected credit losses		Lifetime expected credit losses				12-month expected credit losses		Lifetime expected credit losses		
Grade ¹				Not impaired		Impaired				Not impaired		Impaired
1		₩	-	₩	-	₩	-	₩ 12,131,649	₩	40,370	₩	62
2			-		-		-	21,235,474		11,949		326
3			-		-		-	18,402,801		15,520		384
4			-		-		-	10,588,795		33,828		245
5			-		-		-	7,560,407		24,080		697
6			-		-		-	4,516,586		19,256		120
7			-		-		-	3,153,661		21,739		146
8			-		-		8	2,218,224		157,775		86
9			-		-		-	1,055,583		148,864		75
10			24		-		268	407,182		326,764		55
11			-		-		-	172,761		215,292		87
12			-		-		-	33,811		85,074		59
13			-		-		-	224		5,703		87
14			-		-		-	320		2,768		91
15			-		3,769		153	4,334		1,530		438
Total ²			24		3,769		429	81,481,812		1,110,512		2,958
Provisions for impairment and unused commitment			1		769		361	79,094		36,268		-
Book amount		₩	23	₩	3,000	₩	68	₩ -	₩	-	₩	-

¹ Grades are internal credit ratings evaluated by the Group.

² The amount is after reflecting deferred origination cost and fee, and present value of discount.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

2023												
(In millions of Korean won)	Card receivables			Short-term card loan			Long-term card loan					
	12-month		Lifetime expected credit losses	12-month expected credit losses		Lifetime expected credit losses	12-month expected credit losses		Lifetime expected credit losses			
	expected credit losses		Not impaired			Not impaired			Not impaired			
	Grade ¹		Impaired			Impaired			Impaired			
1	₩ 2,106,912	₩ 16,935	₩ 111	₩ 1,067	₩ 10	₩ 3	₩ 141,021	₩ 897	₩ -			
2	3,222,557	3,487	269	3,791	19	2	312,615	2,152	20			
3	2,279,982	3,223	691	4,712	17	1	208,959	1,358	43			
4	1,663,416	8,863	132	6,302	20	-	335,875	3,092	108			
5	1,583,248	6,508	276	17,313	36	1	497,570	5,423	380			
6	1,118,655	32,762	254	41,098	874	14	473,000	15,683	591			
7	1,032,013	92,430	238	69,218	4,657	11	514,984	21,191	1,550			
8	763,867	83,121	510	87,253	9,072	123	488,417	30,486	2,477			
9	512,308	72,225	669	84,003	11,984	101	343,995	74,673	6,000			
10	426,344	152,847	517	73,331	29,050	136	259,450	85,227	9,714			
11	249,199	213,599	490	50,319	46,452	115	160,616	78,253	16,626			
12	112,913	112,101	506	24,939	26,455	119	99,894	65,137	21,654			
13	390	18,907	320	10	2,090	29	42,489	63,527	26,603			
14	691	13,866	1,266	5	2,158	428	19,407	39,632	32,226			
15	4,663	11,937	39,163	1,113	2,227	8,403	-	93,715	178,330			
Total ²	15,077,158	842,811	45,412	464,474	135,121	9,486	3,898,292	580,446	296,322			
Provisions for impairment and unused commitment	104,008	82,535	33,465	14,113	15,136	7,107	109,828	75,061	159,760			
Book amount	₩ 14,973,150	₩ 760,276	₩ 11,947	₩ 450,361	₩ 119,985	₩ 2,379	₩ 3,788,464	₩ 505,385	₩ 136,562			

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

(In millions of Korean won)			Loan receivables				Unused credit limit				
Grade ¹	12-month expected credit losses		Lifetime expected credit losses				12-month expected credit losses		Lifetime expected credit losses		
			Not impaired		Impaired				Not impaired		Impaired
1	₩	533	₩	-	₩	-	₩ 10,406,663	₩	73,124	₩	57
2		1,233		7		-	22,472,939		10,876		301
3		1,093		-		-	18,707,179		14,749		881
4		1,568		42		-	11,698,977		40,956		253
5		1,808		-		-	9,148,447		15,780		306
6		1,621		63		-	5,244,173		88,482		275
7		1,656		136		7	3,342,716		210,535		126
8		1,187		83		4	2,339,397		229,698		143
9		1,104		339		4	1,134,241		155,137		152
10		756		440		37	580,430		225,881		80
11		359		224		18	200,039		202,161		26
12		179		308		37	67,910		83,273		66
13		109		238		50	272		9,315		14
14		11		172		39	403		4,156		91
15		-		204		279	12,190		1,107		660
Total ²		13,217		2,256		475	85,355,976		1,365,230		3,431
Provisions for impairment and unused commitment		291		227		354	96,053		30,974		-
Book amount	₩	12,926	₩	2,029	₩	121	₩ -	₩	-	₩	-

¹ Grades are internal credit ratings evaluated by the Group.

² The amount is after reflecting deferred origination cost and fee, and present value of discount.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(d) *Concentrations of credit risk*

Concentrations of credit risk by term structures as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Retail	Corporate	Total	Ratio	Provision for impairment	Book amount
Within 1 year	₩ 14,257,521	₩ 1,252,047	₩ 15,509,568	66.30%	₩ (295,487)	₩ 15,214,081
After 1 year	7,885,100	-	7,885,100	33.70%	(437,680)	7,447,420
	₩ 22,142,621	₩ 1,252,047	₩ 23,394,668	100.00%	₩ (733,167)	₩ 22,661,501

(In millions of Korean won)

	2023					
	Retail	Corporate	Total	Ratio	Provision for impairment	Book amount
Within 1 year	₩ 13,480,177	₩ 1,226,743	₩ 14,706,920	68.83%	₩ (247,879)	₩ 14,459,041
After 1 year	6,658,540	10	6,658,550	31.17%	(354,007)	6,304,543
	₩ 20,138,717	₩ 1,226,753	₩ 21,365,470	100.00%	₩ (601,886)	₩ 20,763,584

Concentrations of credit risk, by industry, of corporate loans as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024			
	Book amount before provision for impairment	Ratio	Provision for impairment	Book amount
Financing	₩ 227,833	18.20%	₩ (504)	₩ 227,329
Manufacturing	565,430	45.16%	(1,609)	563,821
Service	212,522	16.97%	(1,254)	211,268
Others	246,262	19.67%	(1,705)	244,557
	₩ 1,252,047	100.00%	₩ (5,072)	₩ 1,246,975

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

		2023					
		Book amount before provision for impairment		Ratio	Provision for impairment		Book amount
Financing	₩	207,073		16.88%	₩ (480)	₩	206,593
Manufacturing		615,315		50.16%	(1,655)		613,660
Service		172,666		14.08%	(948)		171,718
Others		231,699		18.88%	(1,678)		230,021
	₩	1,226,753		100.00%	₩ (4,761)	₩	1,221,992

Financial assets at amortized cost by the assessment methods for impairments as at December 31, 2024 and 2023, are as follows:

(In millions of
Korean won)

		2024								
		Individual assessment			Collective assessment			Total		
		Book amount before provision for impairment	Provision for impairment	Allowance rate	Book amount before provision for impairment	Provision for impairment	Allowance rate	Book amount before provision for impairment	Provision for impairment	Allowance rate
Financial assets at amortized cost:										
Card receivables	₩	-	₩	-	₩ 16,800,940	₩ (266,824)	1.59%	₩ 16,800,940	₩ (266,824)	1.59%
Short-term card loans		-	-	-	803,258	(56,505)	7.03%	803,258	(56,505)	7.03%
Long-term card loans		-	-	-	5,786,247	(408,708)	7.06%	5,786,247	(408,708)	7.06%
Loan receivables		-	-	-	4,223	(1,130)	26.76%	4,223	(1,130)	26.76%
	₩	-	₩	-	₩ 23,394,668	₩ (733,167)	3.13%	₩ 23,394,668	₩ (733,167)	3.13%

(In millions of
Korean won)

		2023								
		Individual assessment			Collective assessment			Total		
		Book amount before provision for impairment	Provision for impairment	Allowance rate	Book amount before provision for impairment	Provision for impairment	Allowance rate	Book amount before provision for impairment	Provision for impairment	Allowance rate
Financial assets at amortized cost:										
Card receivables	₩	-	₩	-	₩ 15,965,381	₩ (220,008)	1.38%	₩ 15,965,381	₩ (220,008)	1.38%
Short-term card loans		-	-	-	609,081	(36,356)	5.97%	609,081	(36,356)	5.97%
Long-term card loans		-	-	-	4,775,060	(344,649)	7.22%	4,775,060	(344,649)	7.22%
Loan receivables		-	-	-	15,948	(873)	5.47%	15,948	(873)	5.47%
	₩	-	₩	-	₩ 21,365,470	₩ (601,886)	2.82%	₩ 21,365,470	(601,886)	2.82%

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

30.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The liquidity management method for the Group is to maintain sufficient liquidity to repay the debt at maturity without risk of unacceptable losses or damaging the reputation of the consolidation entity even in financially difficult circumstances.

The Group is establishing a cash flow plan once or twice a month and analyzing its performance to minimize liquidity risk. In addition, the Group is preparing for future liquidity risks by managing and analyzing liquidity-related indicators for six-month borrowing coverage, defining crisis situations by matrixing the level of internal and external indicators and establishing an action plan for each crisis stage accordingly.

The Board of directors has the overall responsibility for the establishment and oversight of the Group's liquidity risk management framework used to monitor and control short-term financing and medium- and long-term financing. The Group analyzes the actual cash flows in comparison with the expected cash flows and has sufficient cash and credit lines to cope with the unexpected liquidity squeeze. In addition, the Group makes an effort to minimize liquidity risk by matching the maturity structure of financial liabilities with the maturity structure of financial assets.

The Group classifies and discloses contractual maturity of financial liabilities and off-balance sheet account in relation to liquidity risk into four categories as immediate payment, less than one year, between one year–five years and more than five years. The cash flows disclosed in the maturity analysis are undiscounted contractual amount, including principal and future interest payments, which do not agree to the DCF(discounted cash flows) based amount included in the consolidated statements of financial position.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Residual contractual maturity analysis of the Group's non-derivative financial liabilities by residual contractual maturity as of December 31, 2024 and 2023, is classified as follows:

(In millions of Korean won)

	2024				
	Immediate payment	Less than 1 year	Between 1 year-5 years	More than 5 years	Total
Borrowings	₩ -	₩ 6,775,470	₩ 14,687,511	₩ 498,211	₩ 21,961,192
Other financial liabilities	67,743	2,187,085	960	-	2,255,788
Lease liabilities	-	8,332	15,333	-	23,665
Unused commitment	82,595,282	-	-	-	82,595,282
	₩ 82,663,025	₩ 8,970,887	₩ 14,703,804	₩ 498,211	₩ 106,835,927

(In millions of Korean won)

	2023				
	Immediate payment	Less than 1 year	Between 1 year-5 years	More than 5 years	Total
Borrowings	₩ -	₩ 4,864,258	₩ 13,093,228	₩ 411,805	₩ 18,369,291
Other financial liabilities	71,337	2,368,865	1,288	-	2,441,490
Lease liabilities	-	9,958	18,108	-	28,066
Unused commitment	86,724,637	-	-	-	86,724,637
	₩ 86,795,974	₩ 7,243,081	₩ 13,112,624	₩ 411,805	₩ 107,563,484

Residual contractual maturity analysis of the Group's financial derivative instruments by residual contractual maturity as of December 31, 2024 and 2023, is classified as follows:

(In millions of Korean won)

	2024				
	Immediate payment	Less than 1 year	Between 1 year-5 years	More than 5 years	Total
Cash outflows on net payment derivatives	₩ -	₩ 2,444	₩ 4,747	₩ 191	₩ 7,382
Cash inflows on gross payment derivatives	-	559,389	2,599,206	-	3,158,595
Cash outflows on gross payment derivatives	-	(470,321)	(2,407,747)	-	(2,878,068)
Total	₩ -	₩ 91,512	₩ 196,206	₩ 191	₩ 287,909

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

	2023				
	Immediate payment	Less than 1 year	Between 1 year-5 years	More than 5 years	Total
Cash outflows on net payment derivatives	₩ -	₩ 10,992	₩ 22,966	₩ 1,455	₩ 35,413
Cash inflows on gross payment derivatives	-	141,666	1,494,184	-	1,635,850
Cash outflows on gross payment derivatives	-	(123,898)	(1,528,102)	-	(1,652,000)
Total	₩ -	₩ 28,760	₩ (10,952)	₩ 1,455	₩ 19,263

30.4 Market risk

Market risk is the risk to the Group's earnings arising from changes in interest rates, stock price, currency exchange rates or commodity prices. The risk relevant to trading position that the Group is mainly exposed to is the interest rate risk arising from the change in the value of debt instruments and interest rate-embedded securities due to changes in market interest rate. The Group is additionally exposed to stock price and foreign exchange rate fluctuation risk arising from loans, receivables, deposits, securities or financial derivatives. The market risk from the non-trading position also exposes the Group to interest rate risk and liquidity risk. The trading position held for the Group's short-term funding purpose does not fall into the category that exposes the Group to interest rate risk as these are not sensitive to fluctuations in interest rate due to short-term strategic management. Only risks arising from non-trading market risks are managed.

(a) Interest rate risk

Interest rate Value at Risk ("VaR") is a statistical estimate of the maximum potential decline in the value of net assets due to the unfavorable changes in interest rate, using the VaR methodology, a key measure of market risk, in interest rate risk assessment.

The interest rate VaR disclosed below is estimated at a 95% confidence level with 1% interest rate shock using the Bank for International Settlements ("BIS") standards framework. This methodology employs using revised duration proxy by maturity provided by BIS. The assumption used to calculate the VaR is the expected range of interest rate fluctuation affected by interest rate shock at 100 bp parallel movement of benchmark rate curve. Although VaR is generally used as a key measure of market risk, certain limitations to this methodology exist.

VaR measures the potential loss in value of a risky asset or portfolio based on historical market movements over a defined period for a given confidence interval. However, it is not always possible in practice that the historical market movements reflect all future conditions and circumstances, which result in variance in actual loss timing and size due to the changes in assumptions used in calculation.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

The result of interest rate VaR, which means maximum losses estimated under normal distribution of interest rate risk, is as follows:

<i>(In millions of Korean won)</i>		2024		2023
Interest rate VaR	₩	237,151	₩	119,661

(b) Foreign currency risk

The Group is exposed to foreign currency risk from the liabilities denominated in a foreign currency other than the functional currency, Korean won. Foreign currency risk of the Group mainly arises from foreign currency debentures. The Group hedges the foreign currency risk with forward exchange contracts that have the same period as the cash flow with respect to the interest and principal payment amount of foreign currency debentures obligated to pay in the future.

There are no foreign currency holdings that are not hedged with derivatives as of December 31, 2024.

(c) Other market risk

The Group is exposed to price risks from equity instruments at fair value through profit or loss and equity instruments at fair value through other comprehensive income.

30.5 Capital management

The parent company (specialized credit finance company) must maintain adjusted capital adequacy ratio in accordance with 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 December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Adjusted total assets (A)	₩	25,692,710	₩	22,106,467
Adjusted total capital (B)		4,036,648		3,637,610
Adjusted capital adequacy ratio (B/A)		15.71%		16.45%

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

31. FINANCIAL INSTRUMENTS BY CATEGORY:

Carrying amount and fair value of financial instruments by category as of December 31, 2024 and 2023, are as follows:

(In millions of Korean won)

	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	₩ 2,021,886	₩ -	₩ -	₩ -	₩ 2,021,886
Securities	-	1,146,839	4,688	-	1,151,527
Card assets and loan receivables	22,661,501	-	-	-	22,661,501
Other financial assets ¹	237,532	-	-	232,408	469,940
	<u>₩ 24,920,919</u>	<u>₩ 1,146,839</u>	<u>₩ 4,688</u>	<u>₩ 232,408</u>	<u>₩ 26,304,854</u>

(In millions of Korean won)

	2024		
	Financial liabilities at amortized cost	Derivative instruments for hedging	Total
Financial liabilities			
Borrowings	₩ 20,145,203	₩ -	₩ 20,145,203
Other financial liabilities ²	2,354,906	10,874	2,365,780
	<u>₩ 22,500,109</u>	<u>₩ 10,874</u>	<u>₩ 22,510,983</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.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

	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
	<u>₩ 22,095,973</u>	<u>₩ 674,899</u>	<u>₩ 9,359</u>	<u>₩ 49,292</u>	<u>₩ 22,829,523</u>

(In millions of Korean won)

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

Net gains or losses on each category of financial instruments for the years ended December 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	₩ 1,502,309	₩ -	₩ 1,753,380	₩ 1,021,215	₩ 604,369
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	-	716,616	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	<u>₩ 1,502,309</u>	<u>₩ 716,616</u>	<u>₩ 1,753,380</u>	<u>₩ 1,021,215</u>	<u>₩ 604,369</u>

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(In millions of Korean won)

	2024				
	Gain on valuation	Gain on disposal	Dividend income	Loss on foreign currency translation	Loss on foreign currency transactions
Financial assets					
Financial assets at amortized cost	₩ -	₩ 162,846	₩ -	₩ -	₩ 29,933
Financial assets at fair value through profit or loss	1,883	4,562	-	-	-
Financial assets at fair value through other comprehensive income	-	-	20	-	-
Derivative instruments for hedging	279,563	4,267	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	-	-	(270,851)	(3,776)
Derivative instruments for hedging	(17)	-	-	-	-
	₩ 281,429	₩ 171,675	₩ 20	₩ (270,851)	₩ 26,157

(In millions of Korean won)

	2023				
	Interest income	Interest expenses	Card income	Card expenses	Impairment loss
Financial assets					
Financial assets at amortized cost	₩ 1,249,806	₩ -	₩ 1,631,200	₩ 921,266	₩ 423,947
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	-	568,179	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	₩ 1,249,806	₩ 568,179	₩ 1,631,200	₩ 921,266	₩ 423,947

(In millions of Korean won)

	2023				
	Gain on valuation	Gain on disposal	Dividend income	Loss on foreign currency translation	Loss on foreign currency transactions
Financial assets					
Financial assets at amortized cost	₩ -	₩ 83,365	₩ -	₩ (8)	₩ 25,251
Financial assets at fair value through profit or loss	13,058	5,314	-	-	-
Financial assets at fair value through other comprehensive income	-	-	20	-	-
Derivative instruments for hedging	8,145	9,496	-	-	-
Financial liabilities					
Financial liabilities at amortized cost	-	-	-	(11,009)	(9,496)
Derivative instruments for hedging	(1,507)	-	-	-	-
	₩ 19,696	₩ 98,175	₩ 20	₩ (11,017)	₩ 15,755

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

32. FAIR VALUE OF FINANCIAL INSTRUMENTS:

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

(In millions of Korean won)		2024				
		Book amount	Fair value	Level 1	Level 2	Level 3
Financial assets:						
Financial assets at fair value						
Securities at fair value through profit or loss	₩ 1,146,839	₩ 1,146,839	₩ 1,217	₩ 1,088,908	₩ 56,714	
Securities at fair value through other comprehensive income ¹	4,688	4,688	-	-	4,688	
Derivative assets	232,408	232,408	-	232,408	-	
Financial liabilities:						
Financial assets at fair value						
Derivative liabilities	10,874	10,874	-	10,874	-	

¹ As of December 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)		2023				
		Book amount	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 assets 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.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

To provide information about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the 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 is not based on observable market data, the instrument is included in Level 3. Examples include unlisted equity securities.

There are no changes in fair value hierarchy level for the year ended December 31, 2024.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

The following table presents the changes in Level 3 financial instruments for the years ended at December 30, 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	17,586	1,200
Disposition	(3,475)	(4,000)
Profit or loss	6,074	-
Other comprehensive income	-	(1,871)
Ending balance	₩ 56,714	₩ 4,688

(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	1,250	-
Disposition	(1,709)	-
Profit or loss	6,027	-
Ending balance	₩ 36,529	₩ 9,359

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

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

(In millions of Korean won)	Fair value		Valuation technique	Input variables
	2024	2023		
Financial assets at fair value:				
Securities at fair value through profit or loss	₩ 1,088,908	₩ 633,117	DCF	Discount rate, interest rate, etc.
Derivative assets	232,408	49,292	DCF	Discount rate, interest rate, exchange rate, etc.
Financial liabilities at fair value:				
Derivative liabilities	10,874	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 December 31, 2024 and 2023:

(In millions of Korean won)	Fair value		Valuation technique	Unobservable inputs	Range of unobservable inputs (%)		Relationship of unobservable inputs to fair value
	2024	2023			2024	2023	
Financial assets at fair value							
Securities at fair value through profit or loss	₩ 4,742	₩ 2,821	CCA, DCF	Discount rate	-	15.66	Increase in fair value due to a decrease in discount rate
	51,972	33,708	Net asset value	Price of underlying asset	-	-	-
Securities at fair value through other comprehensive income	3,688	8,359	Market approach, etc.	-	-	-	-

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome.

Results of the sensitivity analysis of changes in inputs as of December 31, 2024 and 2023, are as follows:

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of Korean won)

	2024				2023			
	Profit or loss				Profit or loss			
	Favorable changes		Unfavorable changes		Favorable changes		Unfavorable changes	
Financial assets								
Financial assets at fair value through profit or loss ¹	₩	-	₩	-	₩	94	₩	(50)

¹ For financial assets at fair value through profit or loss, the changes in fair value are calculated by increasing or decreasing correlations between growth rate (0% ~ 1%) and discount rate (-1% ~ 1%) which are principal unobservable input parameters.

Financial liabilities at fair value measured using net asset value method and financial equity at fair value through other comprehensive income were excluded from sensitivity analysis because it was impossible to calculate the sensitivity of changes in inputs.

The table below provides the fair value and carrying amounts of financial instruments that are measured in amortized cost in the consolidated statements of financial position as of December 31, 2024 and 2023.

(In millions of Korean won)

	2024				2023			
	Book amount		Fair value		Book amount		Fair value	
Assets								
Financial assets								
Cash and deposit	₩	2,021,886	₩	2,021,886	₩	1,126,825	₩	1,126,825
Financial assets at amortized cost		22,661,501		23,059,030		20,763,584		21,061,028
Other financial assets		237,532		237,532		205,564		205,564
	₩	24,920,919	₩	25,318,448	₩	22,095,973	₩	22,393,417
Liabilities								
Financial liabilities								
Borrowings	₩	20,145,203	₩	20,290,528	₩	16,817,373	₩	16,958,748
Other financial liabilities		2,354,906		2,354,906		2,525,460		2,525,460
	₩	22,500,109	₩	22,645,434	₩	19,342,833	₩	19,484,208

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

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

Valuation techniques	
Cash and deposits	The 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 DCF model. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.
Card assets and loan receivables	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 DCF model at an appropriate interest rate for respective range of maturity.
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.

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

(In millions of
Korean won)

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and deposit ¹	₩	-	₩ 2,021,886	₩ -	₩ 2,021,886
Card assets and loan receivables		-	-	23,059,030	23,059,030
Other financial assets ¹		-	-	237,532	237,532
Financial liabilities					
Borrowings	₩	-	₩ 20,290,528	₩ -	₩ 20,290,528
Other financial assets ¹		-	-	2,354,906	2,354,906

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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(In millions of
Korean won)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and deposit ¹	₩ -	₩ 1,126,825	₩ -	₩ 1,126,825
Card assets and loan receivables	-	-	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 year ended December 31, 2024, which affect fair values of financial assets and liabilities held by the Group.

33. TRANSFERS OF FINANCIAL ASSETS:

The Parent Company had comprehensively entrusted receivables to trust account of the 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 belong to the underlying asset, the risk preferentially belongs to the Parent Company.

(In millions of Korean won)	Asset-backed card assets	
	2024	2023
Book amount of assets ¹	₩ 7,291,880	₩ 6,929,238
Book amount of the associated liabilities	3,279,776	2,650,118

¹ The amount is before provision for impairment.

As of December 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 December 31, 2024, the fair value of financial assets transferred but not eliminated is ₩ 7,248,437 million, the fair value of related liabilities is ₩ 3,288,230 million and net position is ₩ 3,960,207 million.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

34. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

The Group has entered into derivative contracts that include an 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 to set off in recognized assets and liabilities because the right to set off cannot be exercised before a credit event, such as bankruptcy, occurs.

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

(In millions of
Korean won)

		2024						
						Amounts not offset		
	Recognized financial assets and liabilities	Gross financial assets and liabilities set off	Net amounts presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amounts		
Financial assets								
Derivative assets	₩ 232,408	₩ -	₩ 232,408	₩ 5,686	₩ -	₩ 226,722		
Financial liabilities								
Derivative liabilities	10,874	-	10,874	5,686	-	5,188		

(In millions of
Korean won)

		2023						
						Amounts not offset		
	Recognized financial assets and liabilities	Gross financial assets and liabilities set off	Net amounts presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amounts		
Financial assets								
Derivative assets	₩ 49,292	₩ -	₩ 49,292	₩ 5,748	₩ -	₩ 43,544		
Financial liabilities								
Derivative liabilities	56,563	-	56,563	5,748	-	50,815		

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

35. RELATED-PARTY TRANSACTIONS:

Details of the related parties as of December 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 and affiliates of group of large-scale enterprises ¹	Subsidiaries and associates of Hyundai Motor Company, etc.

¹ The affiliates of group of large-scale enterprises designated by the Fair Trade Commission were determined to be a related party based on the substantive relationship stipulated in paragraph 10 of K-IFRS No. 1024.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Sales and purchases with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In millions of Korean won)	2024								
	Income			Expense			Others		
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹	Purchase of property, equipment, intangible assets and others	Equity Sale	
Parent company									
Hyundai Motor Company	₩ 198,629	₩ -	₩ 1,275	₩ 1,199	₩ 833	₩ 1,167	₩ -	₩ -	
Other related parties									
Hyundai Capital	-	424	97	39,655	8,541	722	2,977	-	
Kia Corporation	64,989	-	837	416	-	172	-	-	
Hyundai AutoEver	3,071	-	725	204	49,071	657	34,229	-	
Hyundai Engineering	7	-	1	167	8,584	-	-	-	
Hyundai Steel	3	-	1	181	-	-	-	-	
Others	3,782	567	10,800	2,615	6,860	3,866	1,799	300	
	<u>₩ 270,481</u>	<u>₩ 991</u>	<u>₩ 13,736</u>	<u>₩ 44,437</u>	<u>₩ 73,889</u>	<u>₩ 6,584</u>	<u>₩ 39,005</u>	<u>₩ 300</u>	

¹ Reversal of provision for impairment on card assets due from related party amounting to ₩7 million is included.

(In millions of Korean won)	2023								
	Income			Expense			Others		
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹	Purchase of property, equipment, intangible assets and others	Equity Sale	
Parent company									
Hyundai Motor Company	₩ 190,760	₩ -	₩ 642	₩ 1,120	₩ 112	₩ 785	₩ 19	₩ -	
Other related parties									
Hyundai Capital	-	549	856	42,888	4,901	899	4,450	-	
Kia Corporation	77,928	-	659	391	-	140	-	-	
Hyundai AutoEver	3,114	-	1,461	322	48,451	801	50,092	-	
Hyundai Engineering	8	-	-	165	11,056	1	-	-	
Hyundai Steel	3	-	2	102	-	-	-	-	
Others	2,635	330	5,819	1,520	7,920	2,705	-	-	
	<u>₩ 274,448</u>	<u>₩ 879</u>	<u>₩ 9,439</u>	<u>₩ 46,508</u>	<u>₩ 72,440</u>	<u>₩ 5,331</u>	<u>₩ 54,561</u>	<u>₩ -</u>	

¹ Reversal of provision for impairment on card assets due from related party amounting to ₩4 million is included.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

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

(In millions of
Korean won)

		2024					
		Receivables			Payables		
		Card assets ¹	Provision for impairment	Others	Other payables	Others ³	Unused credit limit ²
Parent company							
Hyundai Motor Company	₩	56,185	₩ (39)	₩ 10	₩ 74,229	₩ -	₩ 243,602
Other related parties							
Hyundai Capital		86,614	(68)	1,634	2,700	791	181,945
Kia Corporation		18,758	(13)	-	17,201	-	51,242
Hyundai AutoEver		7,330	(5)	-	11,303	13,770	38,670
Hyundai Engineering		5,358	(4)	-	1	-	14,642
Hyundai Steel		5,069	(4)	-	1	-	24,931
Others		55,817	(184)	2,272	4,899	525	198,965
	₩	235,131	₩ (317)	₩ 3,916	₩ 110,334	₩ 15,086	₩ 753,997

¹ Unsettled amount of the corporate purchasing card amounting to ₩47,213 million is included, and the amounts used and redeemed for the year ended December 31, 2024, are ₩1,143,798 million and ₩1,148,373 million, respectively.

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

³ For the year ended December 31, 2024, the repayment amount of lease liabilities under lease contract with related parties is ₩7,149 million.

(In millions of
Korean won)

		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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

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

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

³ For the year ended December 31, 2023, the repayment amount of lease liabilities under lease contract with related parties is ₩6,679 million.

Compensation for key management for the years ended December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>	2024	2023
Short-term employee benefits	₩ 18,598	₩ 18,896
Postemployment benefits	2,908	3,719
Other long-term benefits	19	21
	<u>₩ 21,525</u>	<u>₩ 22,636</u>

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

The fund transactions with related parties for the years ended December 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	December 31, 2024
Parent Company			
Hyundai Motor Company	₩ 62,232	₩ (6,047)	₩ 56,185
Other related parties			
Hyundai Capital	114,193	(27,579)	86,614
Kia Corporation	26,556	(7,798)	18,758
Hyundai AutoEver	6,599	731	7,330
Hyundai Engineering	7,730	(2,372)	5,358
Hyundai Steel	7,345	(2,276)	5,069
Others	60,063	(4,246)	55,817
	<u>₩ 284,718</u>	<u>₩ (49,587)</u>	<u>₩ 235,131</u>

¹ The card asset-related fund transaction is stated as net changes 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	December 31, 2023
Parent Company			
Hyundai Motor Company	₩ 72,686	₩ (10,454)	₩ 62,232
Other related parties			
Hyundai Capital	128,947	(14,754)	114,193
Kia Corporation	23,485	3,071	26,556
Hyundai AutoEver	9,590	(2,991)	6,599
Hyundai Engineering	4,766	2,964	7,730
Hyundai Steel	7,377	(32)	7,345
Others	40,265	19,798	60,063
	<u>₩ 287,116</u>	<u>₩ (2,398)</u>	<u>₩ 284,718</u>

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

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Dividends paid to the related parties for the years ended December 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 December 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.

36. CONSOLIDATED STATEMENTS OF CASH FLOWS:

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

<i>(In millions of Korean won)</i>		2024		2023
Current deposit	₩	277	₩	238
Ordinary deposit		357,411		542,924
Other cash and cash equivalents		1,528,008		506,085
	₩	1,885,696	₩	1,049,247

Cash generated from (used in) operations for the years ended December 31, 2024 and 2023, is as follows:

<i>(In millions of Korean won)</i>		2024		2023
Profit for the period	₩	316,402	₩	265,106
Adjustments:				
Income tax expense		84,791		85,645
Interest expense		716,616		568,179
Impairment loss		604,369		423,947
Loss on equity method accounting		1,017		631
Loss on valuation of financial assets at fair value through profit or loss		6,592		1,163
Loss on disposal of financial assets at fair value through profit or loss		-		41
Postemployment benefits		12,118		10,392
Other long-term benefits		1,790		7
Depreciation		29,297		23,803
Amortization		36,954		35,085
Depreciation of right-of-use assets		13,740		17,769
Loss on foreign currency translations		270,961		24,857

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

<i>(In millions of Korean won)</i>	2024	2023
Loss on valuation of derivatives	674	24,991
Loss on disposal of property and equipment and intangible assets	4,295	1,113
Non-interest-bearing instalment	3,105	14,245
Addition (reversal) of provision	(9,765)	30,204
Interest income	(1,443,473)	(1,159,966)
Dividend income	(20)	(20)
Gain on valuation of financial assets at fair value through profit or loss	(8,474)	(14,221)
Gain on disposal of financial assets at fair value through profit or loss	(4,562)	(5,355)
Gain on foreign currency translations	(110)	(13,840)
Gain on valuation of derivatives	(283,996)	(41,125)
Amortization of present value of discounts of card assets	(14,080)	(50,667)
Amortization of deferred origination cost and fee of card assets	(44,756)	(39,172)
Gain on disposal of property and equipment and intangible assets	(12)	(880)
Gain on disposal of investments in associates	(244)	-
Others	4,905	7,794
	<u>(18,268)</u>	<u>(55,380)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(427,785)	(175,506)
Increase in card assets	(2,449,093)	(513,923)
Decrease in loan receivables	11,417	8,002
Increase in other receivables	(21,198)	(29,036)
Decrease (increase) in other assets	(52,203)	68,530
Increase (decrease) in other payables	(166,269)	376,652
Increase (decrease) in withholdings	(30,255)	33,565
Increase (decrease) in accrued expenses	13,121	(4,534)
Increase in other liabilities	49,432	37,535
	<u>(3,072,833)</u>	<u>(198,715)</u>
Cash generated from (used in) operations	<u>₩ (2,774,699)</u>	<u>₩ 11,011</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

Non-cash investing and financing activities, which are not reflected in the consolidated statements of cash flows, for the years ended December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Transfer to property and equipment from construction in progress	₩	6,528	₩	27,644
Unpaid acquisition of property and equipment		(679)		(1,284)
Transfer to intangible assets from construction in progress		9,059		6,420
Unpaid acquisition of intangible assets		(1,608)		(1,191)
Changes in other comprehensive income related to cash flow hedge valuation gains and losses		245,916		(52,323)

Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

	2024					
			Changes in non-cash			
<i>(in millions of Korean won)</i>	Beginning balance	Cash flow	Current portion	Interest expense	Reclassification	Ending balance
Short-term borrowings ¹	₩ 1,256,163	₩ (791,667)	₩ 1,785,556	₩ -	₩ (24,022)	₩ 2,226,030
Long-term borrowings	2,027,119	270,000	(1,785,556)	-	80,004	591,567
Short-term debentures ²	3,057,611	(2,957,884)	3,744,517	12,967	(6,751)	3,850,460
Long-term debentures	10,476,480	6,468,544	(3,744,517)	5,679	270,960	13,477,146
Lease liabilities	25,996	(12,488)	-	954	7,845	22,307
Dividends payable	-	(132,544)	-	-	132,544	-
	<u>₩ 16,843,369</u>	<u>₩ 2,843,961</u>	<u>₩ -</u>	<u>₩ 19,600</u>	<u>₩ 460,580</u>	<u>₩ 20,167,510</u>

¹ Current portion of long-term borrowings is included.

² Current portion of long-term debentures is included.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(in millions of Korean won)	2023					
	Beginning balance	Cash flow	Changes in non-cash			Ending balance
			Current portion	Interest expense	Reclassification	
Short-term borrowings ¹	₩ 1,186,667	₩ (736,666)	₩ 811,667	₩ -	₩ (5,505)	₩ 1,256,163
Long-term borrowings	2,547,222	380,000	(811,667)	-	(88,436)	2,027,119
Short-term debentures ²	5,251,058	(4,952,538)	2,790,207	16,773	(47,889)	3,057,611
Long-term debentures	9,243,417	4,010,733	(2,790,207)	3,295	9,242	10,476,480
Lease liabilities	251,182	(15,267)	-	4,005	(213,924)	25,996
Dividends payable	-	(60,977)	-	-	60,977	-
	<u>₩ 18,479,546</u>	<u>₩ (1,374,715)</u>	<u>₩ -</u>	<u>₩ 24,073</u>	<u>₩ (285,535)</u>	<u>₩ 16,843,369</u>

¹ Current portion of long-term borrowings is included.

² Current portion of long-term debentures is included.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

37. 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 ₩1,804.4 billion with Kookmin Bank and 19 other institutions for general loans and credit line as of December 31, 2024.

In addition, for the credit line agreement, we are providing the Yeouido Building 1 owned by the Group as collateral to Woori Bank, and the mortgage amount is ₩180 billion.

(b) Pending litigations

As of December 31, 2024, the Group is involved in 35 cases (₩2,728 million) as a defendant, 61 cases (₩56,815 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 separate financial statements.

(c) Reserve for loss reimbursement

The Group has reserves of ₩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 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.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(f) Agreement relating to borrowings

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

38. INVESTMENT IN THE UNCONSOLIDATED STRUCTURED ENTITY:

(a) Nature and extent of unconsolidated structured entity's equity

The Group involves in the SPC through investments, and the nature of the involvement is as follows:

Unconsolidated entities that are classified as investment fund include investment trust and private equity fund. Investment trusts select and delegate management to investment managers and allocate investment operating profits by trust agreement. Private equity fund involves in business management, improvements in business structures, procurement of investment funds through private equity and allocation of profits to investors. As an investor of the investment fund, the Group recognizes dividend income and is exposed to the risk of principal loss.

(b) As of December 31, 2024 and 2023, total assets of unconsolidated structured entities, the book amount, maximum loss exposure and net loss recognized in the consolidated financial statements are as follows. Maximum loss exposure includes future amounts, such as investment assets, purchase commitments and credit offerings:

<i>(In millions of Korean won)</i>	2024		2023	
Unconsolidated entity total assets	₩	1,349,718	₩	949,875
Assets recognized		47,570		30,074
Securities		47,570		30,074
Liabilities recognized		-		-
Loss incurred		1,357		599
Maximum loss exposures		121,324		68,933
Securities		47,570		30,074
Commitment to purchase equity		73,754		38,859

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

39. SEGMENT INFORMATION:

The Group conducts business activities related to credit cards and others in accordance with relevant laws, such as Specialized Credit Finance Business Act. The Group adds “payment gateway” as a new segment, but it is not recognized as a separate reporting segment because it does not meet quantitative criteria in accordance with K-IFRS No.1108.

Therefore, the Group has only one reporting segment.

- (a) The majority of the revenue recognized by the Group from its financial services groups during the periods ended December 31, 2024 and 2023, comes from the card business.*
- (b) The majority of the revenue recognized by the Group from external customers for the periods ended December 31, 2024 and 2023 is attributed to Korea, where the Group is located.*
- (c) There is no single external customer that generates more than 10% of the Group's total revenue for the periods ended December 31, 2024 and 2023.*

40. APPROVAL OF ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of 2024 were approved for issue by the Board of directors on March 4, 2025, and will get final approval during the shareholders' meeting on March 28, 2025.